

Agenda

Employees' Retirement System Board Meeting

September 12, 2012 at 12:00 PM
Conference Room C

Troy City Hall
500 West Big Beaver
Troy, Michigan 48084
(248) 524-3330

Roll Call

Minutes from the August 8, 2012 Meeting

Retirement Requests

Other Business

Draft RFI for Investment Consultant
Equity Portfolio
Employees Retirement System Portfolio Analysis
UBS Monthly Report
Old Mission Investment Co. Monthly Report

Investments

Public Comment

Adjourn

A meeting of the Employees' Retirement System Board of Trustees was held on Wednesday, August 8, 2012 at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:04 p.m.

Trustees Present: Mark Calice
Steve Pallotta
Milton Stansbury
Michael Culpepper
Dave Henderson
Thomas Darling, CPA
William R. Need (Ex-Officio)

Trustees Absent: Thomas J. Gordon, II

Also Present: Justin Breyer
Rebecca Sorrenson
Aaron Piccone, CFA
M.C. "Mollie" Proctor

Minutes

Resolution # ER – 2012-07-15

Moved by Pallotta

Seconded by Culpepper

RESOLVED, That the Minutes of the July 11, 2012 meeting be approved.

Yeas: All-6

Absent: None

Other Business – UBS Quarterly Report

Rebecca Sorrenson, Aaron Piccone, and Mollie Proctor reviewed the UBS Quarterly Report and discussed their evaluation of Troy's investment portfolio allocation. They distributed three handouts and reviewed investment holdings from March 2012.

Other Business – Financial Advisor Request For Information

Tom Darling discussed a handout relating to a Request for Information for an investment advisor for the Employees' Retirement System. He discussed and sought input from the board related to the criteria for rating managers.

Other Business- Paperless Agenda Packets

Tom Darling and Justin Breyer discussed transitioning the Employees' Retirement System to a paperless agenda packet.

INVESTMENTS

The board discussed items on the watch list, namely IGT Gaming Technology.

Public Comment

None.

The next meeting is September 12, 2012 at 12:00 p.m. at Troy City Hall, Conference Room C, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting adjourned at 2:30 p.m.

Mark Calice, Chairman

Tom Darling, Administrator



September 6, 2012

To: The Board of Trustees

From: Thomas Darling, System Administrator

Subject: Draft RFI for investment consultant

Please find attached a draft copy of the Request For Information (the "RFI") for investment consultant services requested by both the City of Troy Employee Retirement System and the City of Troy Retiree Healthcare System.

The purpose the draft RFI is to allow the Board of Trustees an opportunity to review the scope and content before final issuance scheduled on October 15, 2012.

You may submit any suggested revisions to me directly by email to t.darling@troymi.gov or delivery to the City Manager's office in care of my attention (address in letterhead above).

Revisions received prior to October 3rd will be reviewed by the System Administrator and if appropriate, incorporated into a 2nd draft RFI to be reviewed at the regular scheduled meeting on October 10, 2012. Any final revisions will be discussed at this meeting and incorporated into the draft document for final issuance on October 15, 2012.

If you have any questions please contact me at 248-524-3330 or by email t.darling@troymi.gov.

**REQUEST FOR INFORMATION
CITY OF TROY EMPLOYEES RETIREMENT SYSTEM**

RE: THE SELECTION OF AN INVESTMENT CONSULTANT

I. OVERVIEW

The trustees of the City of Troy Employees Retirement System and the City of Troy Retiree Health Care System (“Retirement Boards”) are in the process of reviewing their investment consultant services. The purpose of this Request for Information (RFI) is to gain adequate information from which the Retirement Boards may evaluate such services.

The City of Troy Employees Retirement System had a total market value of approximately One Hundred Seventy Six Million Five Hundred Thousand (\$176,500,000) Dollars as of June 30, 2012. The City of Troy Retiree Health Care System had a total market value of approximately Twenty Eight Million (\$28,000,000) as of the same date.

The City of Troy Employees Retirement System’s portfolio consists of approximately 70% equity, 18% fixed income, 2% alternative assets and 10% cash and is managed by the Board of Trustees.

The City of Troy Retiree Health Care System portfolio consists of mutual funds as directed by the Board of Trustees.

A. SCOPE OF SERVICES

The primary role of the Investment Consultant is to provide objective, third-party advice and counsel that will enable the Retirement Boards to make well-informed and well-educated decisions regarding the investment of the Retirement System’s assets. Contractual services for investment consulting will include, but not be limited, to the following:

1. Development Investment Policy, Objectives and Guidelines

Assist the Retirement Boards in the development and periodic review of a policy statement that properly reflects the Retirement Boards’ tolerance for risk and that best helps the Retirement Boards’ meet their rate-of-return, funded status and administrative expense objectives.

2. Asset Allocation Studies

Conduct an asset allocation study to determine whether or not the current asset allocations falls within the investment objectives and guidelines.

3. Investment Manager Search

When deemed necessary, assist the Retirement Boards in their due diligence and search for new investment manager(s) utilizing the appropriate data base.

4. Development of Investment Manager Performance Standards/Guidelines

Assist the Retirement Boards in the development and review of performance standards and guidelines with which the Retirement Boards can measure each investment manager's progress. Attend monthly meetings or special meetings as requested by the Retirement Boards.

5. General Consulting Services

Provide general consulting services as requested by the Retirement Boards. These might include custodial search and selection, etc.

6. Performance Measurement & Monitoring

Monitoring the performance of the investment manager(s) to provide the Retirement Boards with the ability to determine the manager's progress toward achieving the investment objectives.

7. Monitor compliance with Act 314

Monitoring the investment of the Retirement Systems' assets with regards to the asset limitations under Public Act 314 of 1965, as amended, with written quarterly reports submitted to the Retirement Boards'.

8. Assist in Fund Diversification

Assist the Retirement Boards' in the development of an investment manager structure that provides adequate diversification with respect to the number and types of investment managers to be retained by the Retirement Boards'.

B. MINIMUM REQUIREMENTS

1. The Investment Consultant must have a minimum of five (5) years experience in providing qualified retirement plan services.

2. The Investment Consultant must be a registered investment advisor under the Investment Advisors Act of 1940.
3. The Investment Consultant shall acknowledge its responsibilities as a fiduciary under Public Act 314 of 1965, as amended.
4. The firm must provide investment consulting services for a retirement system with assets in excess of \$150 million.
5. If you are affiliating or partnering with a national firm, or are a local office of a national firm, the minimum qualification requirements herein must be satisfied by the individual(s) or entity submitting this proposal.
6. The Investment Consultant must attend monthly meetings, as well as special meetings upon request by the Retirement Boards, at no cost to the Retirement Systems.

C. SUBMISSION REQUIREMENTS

To achieve a uniform review process and obtain the maximum degree of comparability, **it is required** that the submission be organized in the following manner:

1. **Title Page:**

Please indicate the RFI subject, the name of your organization, address, telephone number, name of contact person and date.
2. **Table of Contents:**

Clearly identify the material by section and page number.
3. **Response to Request for Information:**

Please respond to each question in order of sequence in the Request for Information (Section II).
4. **Submission:**

The Retirement Boards requests that an electronic version and eight (8) hard copies be submitted.

Submissions must be presented to the Retirement Boards' in a sealed envelope clearly marked as follows:

Investment Consultant RFI
City of Troy Employees Retirement System
Attn: Thomas Darling
500 W. Big Beaver Road
Troy, Michigan 48084

Your response to this RFI must be received at the above address by **4:00 p.m. on Friday October 26, 2012**

II. REQUEST FOR INFORMATION

A. FIRM INFORMATION

1. Name of your firm, its address, telephone number, and primary contact for the request for information. Give the names of the persons who will be authorized to make presentations for your organization, their titles, addresses, and telephone numbers.
2. Briefly state your organizations understanding of the nature of the work.
3. Is your organization a subsidiary, parent, or affiliate of any other firm? If so, please describe in detail. Also, do any of these affiliates provide any other retirement fund services such as investment management, actuarial work, etc? If you provide more than one service, how do you protect against conflicts of interest? Have you ever included your own firm, subsidiary or sponsored investment vehicle in a manager search you are conducting?
4. What is the number of full time employees in your firm? How many professionals have left your company in the last 3 years.
5. What is the location of your nearest office?
6. Please submit biographical profiles on the individual(s) who will be assigned to our account. Also, where are these individuals located? Who will attend review meetings? Be specific as to experience, performance measurement, manager search, investment policy consulting.
7. What public funds experience do you have? Provide a list of all public pension fund clients and dollars managed under contract to

date. Please provide a minimum of 3 references by name of client, type of client, contact person, address and telephone number.

If you have additional institutional consulting experience please complete the following matrix:

Number of managed accounts by asset size									
Size (Millions)	Corporate Systems		Endowments/Foundations		Public Pension Funds		Other		
	Clients	Amount	Clients	Amount	Clients	Amount	Clients	Amount	
0-99									
100-199									
200-499									
500-999									
Over 1 billion									
Total									

8. If you have lost any clients in the last 3 years, please explain.
9. Please explain size, composition, and source of your performance measurement data base. What indices are used for relative comparisons? If you do not maintain databases, whose database do you use?
10. Why is your firm uniquely qualified to service our account?
11. Disclose formal or informal business relationships with investment managers or other service providers to pension trust funds.
12. Provide as an attachment to your response a complete copy of your most recent form ADV as filed with the SEC.
13. What is your firm's position on Commission Recapture Programs and how would the Board's participation in such programs effect your services?

B. INVESTMENT POLICY/ASSET ALLOCATION GUIDELINES

1. Provide an outline of the principle steps you would follow when developing a statement of Investment Policy and Objectives. Does your investment policy and asset allocation analysis fully integrate liabilities with assets? How do you interface with the retirement system's actuary?
2. How many meetings would be required with the Retirement Boards? Who would attend from your firm?

3. Provide an outline of the issues and items that would be covered in a typical policy statement.
4. What is your approach to development of asset allocation guidelines? Please describe this process in detail, including application of major variables (e.g. - risk tolerance, emerging liabilities, etc.).
5. What asset classes are included in your work?
6. What geographic areas of the world do you consider appropriate for pension asset investments?
7. Does your approach include passive strategies such as indexation? If so, please describe.

C. INVESTMENT MANAGER SELECTION

1. What is the procedure and criteria you will follow in the selection of additional investment advisors? And how long might the process take from start to finish?
2. How many firms do you track for manager search purposes? How many managers have made final presentations from the total search data base?
3. Do the consultants assigned to our account actually interface with prospective managers? How much time do they spend in an average week interviewing managers? How many managers a week do our assigned consultants see? Is due diligence performed for all managers offices? If so, please explain your due diligence process. How are consultants apprized with respect to developments about managers?
4. What computer systems do you utilize to help in your manager screening? Which are purchased and which are proprietary?
5. Do you monitor your success in selecting managers? Explain how you measure the level of success of existing managers. Please be specific.
6. What criteria is used to recommend termination of a manager?

7. Do you believe that when a manager is not performing that the consultant who presented this manager also be held accountable? If so, how?
8. Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?

D. PERFORMANCE EVALUATION

1. Specifically describe your performance evaluation system and the philosophy behind it. Is your system propriety or did you obtain it from another supplier?
2. How soon following the end of a reporting period can you have copies of evaluation reports to us? How frequently do you recommend performance evaluation reviews?
3. Provide samples of your standard reports. How much variation is available from your standard report?
4. Describe and illustrate any special indices constructed by your firm.
5. Please describe, in detail, the optimal role that your firm would like to take in manager presentations to the Retirement Boards. What other services are provided, such as custodian search.
6. Please provide 1 year, 3 year, 5 year and 10 year performance results on an annualized basis for a minimum of 5 public employee retirement system clients. If possible, these clients should include all Michigan public employee plans. The performance results should be based upon the period in which you served as the investment consultant and include, at a minimum, total fund performance on an annualized basis as of December 31, 2011, with a comparison against the appropriate policy index. Said performance results may also include a breakdown of fund performance by asset class with the appropriate benchmark index and peer group rankings. Please identify each client by the size of its total plan assets, its asset allocation and the state in which it is located. You may also provide any appropriate commentary explaining over/under performance and your role in the investment process.

E. CUSTODIAL SERVICES

Does your firm provide custodial services?

F. FEES

1. Please indicate your fee schedule for investment performance analysis services, asset allocation, investment policy, manager search, custodial search, custodial services, etc. If your fee schedule is based on soft dollars, please also quote each service by type on a hard dollar basis.
2. Would you charge separately for travel expenses? If so, explain in detail your policy.
3. What other costs or expenses might we incur with your firm?
4. Do you offer payment by cash on a pro rata quarterly basis billed in arrears?
5. If services are also quoted on a soft dollar basis, what is the cost in cents per share? What is the commission to cash conversion ratio? Also, how do you report to us on commissions received?
6. What percentage of typical equity managers trades do you feel should be used for client directed brokerage purposes?
7. Do you give credit for commissions received above services? What type of recapture is used for those excess commissions?
8. Please provide all complaints received by the Securities and Exchange Commission and the National Association of Securities Dealers. Has your firm been involved in litigation within the last five years or is there any pending litigation arising out of your performance? If your answer is yes, explain fully.
9. Describe the various types of insurance and indemnification provided to protect clients of service(s) proposed, including (Be sure to include specific dollar coverage).
10. Are you willing to acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?

OTHER REQUIREMENTS

1. Pre-Qualification: Inviting a response does not assume a "prequalification" of any proposer.

2. Preparation Cost: The Retirement Boards will not be liable for any costs incurred in preparation of submissions.
3. Certification as to "Request for Information" Content: By submitting information, it is understood and agreed that the responder has fully read and understands the "Request for Information" and has full knowledge of the scope, nature, quantity, and quality of work to be performed. Unless specified to the contrary, submitting information will be interpreted as agreement to all provisions in and requirements of the RFI.
4. Additional Information and Instruction: The responder shall furnish such additional information as the Retirement Boards may reasonably require. The Retirement Boards reserves the right to investigate the qualifications of all responders as it deems appropriate.
5. Rejection: The Retirement Boards reserves the right to reject any or all information, the right in its sole discretion to accept the information which it considers most favorable to the Retirement Boards interest, and the right to waive minor irregularities in the procedures. The Retirement Boards further reserve the right to seek new information when such a procedure is in its best interest.
6. Binding for 90 Days: All information submitted shall be binding for ninety (90) calendar days following the above due date for receipt of information to allow for evaluation.
7. Timeliness: Information received by the Retirement Boards after the time specified for opening will not be considered.
8. Completeness: All information required by the Request for Information shall be supplied to constitute an acceptable submission.

The Retirement Boards appreciates the time and effort you will have expended in responding to this RFI.

Portfolio

Value	Name	Tricker ...	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	P/E ratio
	Large Cap Stocks					74,824,014.68				
	3M COMPANY	X	5,000	443,493.23	91.5075	457,537.50	14,044.27	3.17	68.63-94.30	14.95
	ABBOTT LABORATORIES		23,000	441,421.41	65.6186	1,509,227.80	1,067,806.39	241.90	48.96-67.45	21.30
	AFLAC INC	X	25,000	360,357.96	46.13	1,153,250.00	792,892.04	220.03	31.25-50.33	8.45
	ALCOA INC	X	10,000	129,882.87	8.51	85,100.00	-44,782.87	-34.48	7.97-12.34	106.37
	AMERICAN TOWER CORP SBI	X	5,000	318,090.87	70.66	353,300.00	35,209.13	11.07	51.05-75.62	61.44
	AMGEN INC	X	3,100	160,274.49	84.43	261,733.00	101,458.51	63.30	52.50-85.28	18.08
	APPLE INC	X	6,750	1,939,414.26	672.98	4,542,615.00	2,603,200.74	134.23	354.24-680.87	15.82
	AT&T INC COM	X	20,000	467,191.29	36.945	738,900.00	271,708.71	58.16	27.29-38.28	49.93
	AUTOMATIC DATA PROCESSING INC.		3,000	114,228.86	58.27	174,810.00	60,581.14	53.03	45.85-58.79	20.66
	BANK OF AMER CORP	X	10,000	168,536.26	7.985	79,850.00	-88,686.26	-52.62	4.92-10.10	8.49
	BARCLAYS BANK PLC		5,000	401,462.03	99.40	497,000.00	95,537.97	23.80	80.80-108.31	16.88
	BED BATH & BEYOND INC		2,500	134,595.33	67.44	168,600.00	34,004.67	25.26	53.15-75.84	15.94
	BOEING CO	X	5,000	364,115.95	71.81	359,050.00	-5,065.95	-1.39	56.90-77.83	12.40
	C S X CORP		26,000	394,706.68	21.47	558,220.00	163,513.32	41.43	17.69-23.71	12.06
	CATALYTIC HEALTH SOLUTIONS INC		5,000	118,588.81	89.50 e	447,500.00	328,911.19	277.35	-	9.26
	Caterpillar Inc	X	5,000	359,277.67	82.75	413,750.00	54,472.33	15.16	67.54-116.95	20.73
	CELGENE CORP	X	4,000	225,746.44	71.315	285,260.00	59,513.56	26.36	56.79-80.42	6.44
	CHESSAPEAKE ENERGY CORP		12,000	431,511.51	19.565	234,780.00	-196,731.51	-45.59	13.32-32.51	8.28
	CHEVRON CORP	X	16,900	952,506.84	111.23	1,879,787.00	927,280.16	97.35	86.68-113.87	8.28
	CHEVRON CORP NEW	X	8,000	284,761.85	111.23	889,840.00	605,078.15	212.49	86.68-113.87	8.28
	CISCO SYS INC	X	20,000	640,103.11	19.0243	380,486.00	-259,617.11	-40.56	14.93-21.30	12.77
	CIT GROUP INC	X	9,162	435,487.64	38.1303	349,349.81	-86,137.83	-19.78	27.68-43.35	N/E
	CIT GROUP INC NEW COM NEW		3,047	*	38.1303	116,183.02	*	*	27.68-43.35	N/E
	CLIFFS NAT RESOURCES INC	X	12,000	406,067.53	34.168	410,016.00	3,948.47	0.97	32.25-81.78	3.42
	COCA COLA CO	X	24,000	239,435.81	37.48	899,520.00	660,084.19	275.68	31.67-40.66	19.83
	COLGATE-PALMOLIVE CO		10,000	421,673.47	106.96	1,069,600.00	647,926.53	153.66	85.73-109.84	21.18
	CORNING INC		10,000	99,139.24	11.8583	118,583.00	19,443.76	19.61	10.62-15.75	8.35
	Costco Wholesale Corp		5,000	422,060.72	98.26	491,300.00	69,239.28	16.41	76.59-99.28	27.37
	CUMMINS INC	X	2,000	194,811.59	95.54	191,080.00	-3,731.59	-1.92	79.53-129.51	9.50
	DANAHER CORP	X	12,000	259,890.35	53.14	637,680.00	377,789.65	145.37	39.34-56.45	17.25
	DIRECTV		4,920	0.00	52.9595	260,560.74	260,560.74	0.00	39.82-53.44	13.72
	DIRECTV COM USD0.01		10,080	0.00	52.9595	533,831.76	533,831.76	0.00	39.82-53.44	13.72
	DISCOVERY COMMUNICATIONS	...	520	7,491.05	51.93	27,003.60	19,512.55	260.48	33.19-52.46	20.00
	DISCOVERY COMMUNICATIONS 25470...	DISCA	520	8,343.07	55.41	28,813.20	20,470.13	245.35	35.65-55.59	20.00
	DOMINION RESOURCES INC. 8.375%	DRU	10,000	250,000.00	28.88	288,800.00	38,800.00	15.52	27.76-29.74	12.79
	DOVER CORP	X	9,000	336,204.77	57.05	513,450.00	177,245.23	52.72	43.64-67.20	18.29
	DOW CHEMICAL CO	X	15,000	465,165.62	28.71	430,650.00	-34,515.62	-7.42	20.61-36.08	18.29
	DUKE ENERGY CORP COM USD0.001 (...)	DUK	3,200	0.00	64.425	206,160.00	206,160.00	0.00	54.99-71.13	19.17

Portfolio

Value	Name	Ticker ...	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	P/E ratio
	DUKE ENERGY CORP NEW	DUK	8,841	0.00	64.425	569,581.42	569,581.42	0.00	54.99-71.13	19.17
	E M C CORP MASS	EMC	2,000	27,723.00	26.40	52,800.00	25,077.00	90.46	19.99-30.00	21.82
	EBAY INC	EBAY	5,000	138,547.45	47.30	236,500.00	97,952.55	70.70	27.41-48.08	16.60
	EMC CORP MASS	EMC	17,000	209,532.02	26.40	448,800.00	239,267.98	114.19	19.99-30.00	21.82
	EMERSON ELECTRIC CO	EMR	4,000	161,023.63	49.37	197,480.00	36,456.37	22.64	39.50-53.78	15.14
	EXPRESS SCRIPTS HLDG CO COM	ESRX	4,050	0.00	63.22	256,041.00	256,041.00	0.00	34.47-63.38	31.30
	EXXON MOBIL CORP	XOM	4,000	4,724.61	87.56	350,240.00	345,515.39	7,313.10	67.93-88.91	9.21
	FACTSET RESEARCH SYSTEMS INC	FDS	1,500	26,270.06	93.57	140,355.00	114,084.94	434.28	80.92-109.20	23.87
	FACTSET RESH SYSTEMS INC	FDS	2,000	62,713.03	93.57	187,140.00	124,426.97	198.41	80.92-109.20	23.87
	FASTENAL CO	FAST	8,000	159,461.13	42.66	341,280.00	181,818.87	114.02	30.66-55.05	31.60
	FIDELITY NATIONAL INFORMATION SE...	FIS	1,000	6,493.26	31.93	31,930.00	25,436.74	391.74	22.53-34.85	18.56
	FISERV INC	FISV	8,000	317,883.66	71.70	573,600.00	255,716.34	80.44	48.75-72.93	17.53
	FLUOR CORP NEW	FLR	5,000	266,815.15	52.15	260,750.00	-6,065.15	-2.27	44.16-64.67	14.77
	FORD MTR CO DEL COM	F	10,000	167,073.80	9.575	95,750.00	-71,323.80	-42.69	8.82-13.05	2.21
	FRANKLIN RES INC	BEN	3,000	303,299.19	117.62	352,860.00	49,560.81	16.34	87.71-127.83	13.79
	FREEPORT-MCMORAN COPPER &...	FCX	20,000	344,809.31	35.33	706,600.00	361,790.69	104.92	28.85-48.96	10.64
	GENERAL DYNAMICS CRP	GD	4,000	292,920.00	64.73	258,920.00	-34,000.00	-11.61	53.95-74.54	9.45
	GENERAL ELECTRIC CO	GE	16,000	47,910.68	20.67	330,720.00	282,809.32	590.28	14.02-21.19	17.37
	GENERAL MOTORS CO	GM	2,037	228,544.97	21.68	44,162.16	-184,382.81	-80.68	18.72-27.68	7.72
	GENERAL MOTORS COMPANY	GM	6,997	394,100.00	21.68	151,694.96	-242,405.04	-61.51	18.72-27.68	7.72
	GENL ELECTRIC CO	GE	10,000	357,402.80	20.67	206,700.00	-150,702.80	-42.17	14.02-21.19	17.37
	GENL MILLS INC	GIS	5,000	190,632.65	39.04	195,200.00	4,567.35	2.40	36.54-41.06	16.61
	GENUINE PARTS CO	GPC	5,000	316,434.00	61.32	306,600.00	-9,834.00	-3.11	48.18-66.50	15.97
	GILEAD SCIENCES INC	GILD	10,000	323,035.51	58.84	588,400.00	265,364.49	82.15	34.45-59.10	17.72
	GOOGLE INC CL A	GOOG	3,000	1,640,952.14	685.48	2,056,440.00	415,487.86	25.32	480.60-688.99	20.32
	HALLIBURTON CO HOLDING CO FRML...	HAL	10,000	90,007.95*	32.46	324,600.00	*	*	26.28-43.08	9.58
	HARTFORD FINCL SERVICES	HIG	5,000	337,662.20	18.20	91,000.00	-246,662.20	-73.05	14.56-23.29	53.53
	HARTFORD FINL SVCS GROUP INC	HIG	5,200	52,076.40	18.20	94,640.00	42,563.60	81.73	14.56-23.29	53.53
	HEALTH CARE REIT INC	HGN	7,000	184,525.41	58.75	411,250.00	226,724.59	122.87	43.65-62.80	91.80
	HESS CORP	HES	2,000	112,204.73	49.38	98,760.00	-13,444.73	-11.98	39.67-67.86	13.35
	HONEYWELL INTL INC	HON	14,172	720,472.29	57.57	815,882.04	95,409.75	13.24	41.22-62.00	21.56
	INTEL CORP	INTC	8,000	170,016.84	24.595	196,760.00	26,743.16	15.73	19.16-29.27	10.42
	INTERNATIONAL GAME TECHNOLOGY...	IGT	20,000	469,182.13	12.035	240,700.00	-228,482.13	-48.70	10.92-18.17	16.26
	INTUITIVE SURGICAL INC	ISRG	5,000	516,251.62	490.78	2,453,900.00	1,937,648.38	375.33	341.21-564.89	34.88
	JOHNSON CTLS INC	JCI	6,000	52,142.82	26.72	160,320.00	108,177.18	207.46	23.37-35.95	10.60
	JPMORGAN CHASE & CO	JPM	5,000	113,523.16	37.19	185,950.00	72,426.84	63.80	27.85-46.49	8.36
	KRAFT FOODS INC CLASS A	KFT	5,000	154,406.59	41.77	208,850.00	54,443.41	35.26	31.88-42.00	20.58
	LIBERTY MEDIA CORP	LMCA	183	5,030.35	104.06	19,042.98	14,012.63	278.56	58.51-105.12	19.45
	LKQ CORP	LKQX	3,000	33,844.21	38.40	115,200.00	81,355.79	240.38	22.25-39.20	22.86

Portfolio

Value	Name	Ticker ...	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	P/E ratio
	MCDONALDS CORP	MCD	21,100	988,961.81	89.13	1,880,643.00	891,681.19	90.16	83.65-102.22	16.72
	MCKESSON CORP	MCK	5,000	393,168.79	88.264	441,320.00	48,151.21	12.25	66.61-97.23	14.61
	MERCK & CO INC NEW COM	MRK	16,147	0.00	43.46	701,748.62	701,748.62	0.00	30.54-45.17	19.94
	METTLER-TOLEDO INTL	MTD	5,000	386,376.45	163.39	816,950.00	430,573.55	111.44	126.10-190.02	19.13
	MICROSOFT CORP	MSFT	22,546	805,324.31	30.399	685,375.85	-119,948.46	-14.89	24.26-32.95	15.20
	MORGAN STANLEY	MS	8,340	101,081.02	15.64	130,437.60	29,356.58	29.04	11.58-21.19	13.03
	NORFOLK SOUTHERN CORP	NSC	8,000	449,719.06	70.15	561,200.00	111,480.94	24.79	57.57-78.50	12.01
	O REILLY AUTOMOTIVE INC NEW COM	ORLY	4,000	94,174.23	83.775	335,100.00	240,925.77	255.83	63.75-107.13	19.30
	OMNICOM GROUP	OMC	2,000	79,140.93	51.765	103,530.00	24,389.07	30.82	35.27-52.56	15.14
	OMNICOM GROUP INC	OMC	8,000	274,205.25	51.765	414,120.00	139,914.75	51.03	35.27-52.56	15.14
	ONEOK INC NEW	OKE	30,000	403,242.36	44.90	1,347,000.00	943,757.64	234.04	31.21-46.07	27.72
	ORACLE CORP	ORCL	10,000	131,772.17	32.06	320,600.00	188,827.83	143.30	24.91-33.81	16.36
	ORACLE CORPORATION	ORCL	15,000	169,473.85	32.06	480,900.00	311,426.15	183.76	24.91-33.81	16.36
	PANERA BREAD CO CL A	PNRA	10,000	677,619.70	154.72	1,547,200.00	869,580.30	128.33	100.52-165.99	29.87
	PEABODY ENERGY CORP	BTU	5,000	378,864.58	20.76	103,800.00	-275,064.58	-72.60	18.78-49.56	5.98
	PEPSICO INC	PEP	35,000	1,224,345.80	71.665	2,508,275.00	1,283,929.20	104.87	58.50-73.66	18.91
	PERRIGO CO	PRGO	8,000	290,240.24	110.0902	880,721.60	590,481.36	203.45	86.50-119.29	26.34
	PERRIGO COMPANY	PRGO	5,000	497,217.21	110.0902	550,451.00	53,233.79	10.71	86.50-119.29	26.34
	PFIZER INC	PFE	7,000	63,480.04	23.885	167,195.00	103,714.96	163.38	17.05-24.48	20.41
	PNC FINANCIAL SCVS GRP 6.125% FIX...	PNUFL	5,000	125,000.00	27.80	139,000.00	14,000.00	11.20	24.29-100.25	20.41
	PRAXAIR INC	PX	6,000	249,987.48	104.596	627,576.00	377,588.52	151.04	89.75-116.93	18.74
	PROCTER & GAMBLE CO	PG	22,625	224,489.81	67.4971	1,527,121.89	1,302,632.08	580.26	59.07-67.95	21.63
	PROGRESS ENERGY INC	PGN	8,000	346,785.36	57.40 e	459,200.00	112,414.64	32.42	-	21.63
	PVH CORPORATION COM USD1.00	PVH	5,000	370,614.45	92.88	464,400.00	93,785.55	25.31	53.51-94.74	18.18
	RAYMOND JAMES FIN INC 6.90%	RJD	1,200	30,000.00	27.60	33,120.00	3,120.00	10.40	25.20-27.88	7.65
	REINSURANCE GROUP OF AMERICA	RGA	5,000	230,659.06	59	295,000.00	64,340.94	27.89	44.51-59.97	7.65
	REPUBLIC SERVICES INC CL A	RSG	5,000	136,304.01	27.62	138,100.00	1,795.99	1.32	25.15-31.32	15.26
	RESMED INC	RMD	5,000	157,157.54	38.57	192,850.00	35,692.46	22.71	23.37-39.61	22.56
	ROPER INDS INC	ROP	14,000	443,423.89	102.05	1,428,700.00	985,276.11	222.20	64.90-108.89	22.23
	SCANA CORP NEW	SCG	5,000	174,228.40	48.16	240,800.00	66,571.60	38.21	37.74-50.34	16.05
	SCHLUMBERGER LIMITED COM STK U...	SLB	24,000	417,120.56	70.965	1,703,160.00	1,286,039.44	308.31	54.79-80.78	19.01
	SIGMA ALDRICH CORP	SIAL	8,000	46,954.88	70.92	567,360.00	520,405.12	1,108.31	57.60-74.94	21.05
	SMUCKER J M CO NEW	SJM	4,000	241,085.93	86.11	344,440.00	103,354.07	42.87	69.19-86.39	17.25
	SPECTRA ENERGY CORP	SE	5,200	104,737.84	28.47	148,044.00	43,306.16	41.35	23.17-32.27	17.25
	SPECTRA ENERGY CORP COM	SE	13,800	0.00	28.47	392,886.00	392,886.00	0.00	23.17-32.27	17.25
	ST JUDE MEDICAL INC	STJ	5,000	167,454.45	38.305	191,525.00	24,070.55	14.37	32.13-45.37	15.14
	STAPLES INC	SPLS	5,000	110,520.10	10.83	54,150.00	-56,370.10	-51.00	10.57-16.93	8.14
	Starbucks Corp	SBUX	5,000	278,067.05	50.35	251,750.00	-26,317.05	-9.46	35.12-62.00	27.97
	STRYKER CORP	SYK	20,000	95,643.89	53.24	1,064,800.00	969,156.11	1,013.30	44.55-57.15	14.63

Portfolio

Value	Name	Ticker ...	Shares	Cost Basis	Quote/Price	Market Value	Gain/Loss	Gain/Los...	52-Week Ra...	P/E ratio
	SYSCO CORP	SY	20,000	250,669.51	30.06	601,200.00	350,530.49	139.84	25.09-31.18	15.82
	T ROWE PRICE GROUP INC	TROW	5,000	251,288.72	61.60	308,000.00	56,711.28	22.57	44.68-66.00	20.74
	TAIWAN SEMICONDUCTOR MANUFAC...	TSM	5,000	55,263.45	14.18	70,900.00	15,636.55	28.29	11.26-16.15	
	TARGET CORP X	TGT	5,000	257,157.95	63.80	319,000.00	61,842.05	24.05	47.25-64.99	14.63
	TEVA PHARMACEUTICAL INDS LTD ADR	TEVA	2,000	68,320.60	39.4826	78,965.20	10,644.60	15.58	35.00-46.65	14.20
	TEVA PHARMACEUTICALS IND LTD ...	TEVA	9,000	275,754.65	39.4826	355,343.40	79,588.75	28.86	35.00-46.65	14.20
	TEXTRON INC	TXT	8,000	0.00	26.34	210,720.00	210,720.00	0.00	14.76-29.18	18.81
	THE GOLDMAN SACHS GROUP INC PF...	GSF	10,000	250,000.00	26.4138	264,138.00	14,138.00	5.66	23.75-26.52	
	TOTAL S.A SPONS ADR	TOT	5,000	396,646.85	49.414	247,070.00	-149,576.85	-37.71	40.00-57.06	
	TRACTOR SUPPLY COMPANY	TSCO	4,000	81,375.30	98.36	393,440.00	312,064.70	383.49	56.73-101.20	27.79
	TRANSOCEAN LTD SWITZERLAND NEW	RIG	20,050	1,146,568.24	46.73	936,936.50	-209,631.74	-18.28	38.21-60.09	
	UNION PACIFIC CORP	UNP	5,000	232,104.24	120.315	601,575.00	369,470.76	159.18	77.73-126.91	15.58
	UNITED PARCEL SERVICE CL B	UPS	10,000	618,507.38	72.295	722,950.00	104,442.62	16.89	61.12-81.79	17.85
	UNITED TECHNOLOGIES CORP	UTX	17,000	572,110.61	77.70	1,320,900.00	748,789.39	130.88	66.87-87.50	13.58
	URBAN OUTFITTERS INC	URBN	5,000	77,065.25	38.12	190,600.00	113,534.75	147.32	21.47-38.43	30.25
	US BANCORP 6.00% SERIES G	UBDLP	5,000	*	27.63	138,150.00	*	*	24.47-28.60	
	VARIAN MEDICAL SYSTEMS INC	VAR	5,000	176,963.75	58.98	294,900.00	117,936.25	66.64	48.72-71.95	16.20
	VERIZON COMMUNICATIONS	VZ	15,420	373,967.92	43.9596	677,857.03	303,889.11	81.26	34.65-46.41	43.52
	VISA INC CL A	V	4,000	377,027.06	127.84	511,360.00	134,332.94	35.63	81.71-132.58	94.00
	VISA INC COM CL A	V	5,000	394,366.14	127.84	639,200.00	244,833.86	62.08	81.71-132.58	94.00
	WALGREEN CO	WAG	5,000	196,513.07	36.14	180,700.00	-15,813.07	-8.05	28.53-37.61	12.46
	WALGREEN CO NEW	WAG	10,000	339,582.10	36.14	361,400.00	21,817.90	6.42	28.53-37.61	12.46
	WALMART STORES INC	WMT	10,000	538,761.04	73.69	736,900.00	198,138.96	36.78	49.94-75.24	15.51
	WALT DISNEY CO	DIS	10,000	152,049.30	51.125	511,250.00	359,200.70	236.24	28.19-51.24	16.87
	WASTE MANAGEMENT INC	WM	10,000	162,506.96	33.98	339,800.00	177,293.04	109.10	28.77-36.35	17.16
	WATERS CORP	WAT	10,000	739,217.91	79.79	797,900.00	58,682.09	7.94	70.88-94.47	17.05
	WATSCO INC	WSO	5,000	306,014.09	75.81	379,050.00	73,035.91	23.87	50.45-80.10	27.08
	WEATHERFORD INTERNATIONAL LIML...	WFT	5,000	97,405.56	11.97	59,850.00	-37,555.56	-38.56	10.85-18.33	
	WELLS FARGO & CO NEW	WFC	5,000	27,288.16	33.84	169,200.00	141,911.84	520.05	22.61-34.80	11.21
	YUM! BRANDS INC	YUM	27,800	279,636.04	63.44	1,763,632.00	1,483,995.96	530.69	47.15-74.44	19.83
	Small Cap Stocks			6,497,714.48		7,399,835.80	902,121.32	13.88		
	ALMOST FAMILY INC X	AFAM	5,000	200,124.66	22.2801	111,400.50	-88,724.16	-44.33	12.50-26.87	10.61
	AMERICAN SCIENCE & ENGINE...	ASEI	3,000	259,595.93	60.12	180,360.00	-79,235.93	-30.52	46.30-78.99	27.20
	ARES CAPITAL CORP COM STK USD0....	ARCC	5,000	79,468.68	17.405	87,025.00	7,556.32	9.51	12.76-17.45	10.36
	BIO-REFERENCE LABS INC NEW	BRLI	5,000	110,670.39	27.53	137,650.00	26,979.61	24.38	11.41-30.15	20.86
	BRADY CORP CL A	BRC	4,000	64,506.67	27.99	111,960.00	47,453.33	73.56	24.44-34.94	49.11
	BRUKER CORP X	BRKR	5,000	78,022.84	12.24	61,200.00	-16,822.84	-21.56	9.91-17.10	24.48
	CLEAN ENERGY FUELS CORP	CLNE	5,000	101,643.37	13.26	66,300.00	-35,343.37	-34.77	9.02-24.75	N/E

Portfolio

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	COGNEX CORP	CGNX	5,000	169,104.43	36.24	181,200.00	12,095.57	7.15	24.91-44.80	22.10
	COPANO ENERGY LLC COM	CPNO	10,000	298,179.02	31.1571	311,571.00	13,391.98	4.49	24.24-38.03	N/E
	CULLEN FROST BANKERS INC	CFR	5,000	240,511.85	56.68	283,400.00	42,888.15	17.83	43.57-61.11	15.24
	DARLING INTL INC	DAR	10,000	66,595.12	17.13	171,300.00	104,704.88	157.23	11.24-18.22	14.90
	DECKERS OUTDOOR CORP	DECK	10,000	120,928.51	46.81	468,100.00	347,171.49	287.09	39.90-118.90	10.54
	DIAMOND FOODS INC	DMND	5,000	391,490.70	18.6919	93,459.50	-298,031.20	-76.13	16.15-96.13	8.42
	DIEBOLD INC X	DBD	5,000	228,607.62	33.485	167,425.00	-61,182.62	-26.76	25.75-42.93	11.12
	Flowers Foods Inc	FLO	7,500	127,229.34	20.68	155,100.00	27,870.66	21.91	17.79-24.20	23.24
	GAMESTOP CORP NEW	GME	1,000	24,452.66	20.59	20,590.00	-3,862.66	-15.80	15.32-26.66	8.80
	GAMESTOP CORP NEW CL A	GME	5,000	126,433.80	20.59	102,950.00	-23,483.80	-18.57	15.32-26.66	8.80
	GFI GROUP INC	GFIG	5,000	38,710.45	2.80	14,000.00	-24,710.45	-63.83	2.20-4.94	N/E
	GLOBAL PAYMENTS INC	GPN	8,000	349,288.46	41.89	335,120.00	-14,168.46	-4.06	38.26-53.93	17.68
	GREEN MTN COFFEE	GMCR	13,000	182,521.65	23.675	307,775.00	125,253.35	68.62	17.11-115.98	10.86
	HILLENBRAND INC	HI	5,000	97,745.28	18.045	90,225.00	-7,520.28	-7.69	16.75-24.18	10.87
	IDEX CORP	IEX	10,500	215,255.25	40.21	422,205.00	206,949.75	96.14	29.29-44.14	16.62
	IDEX CORPORATION	IEX	2,250	29,507.37	40.21	90,472.50	60,965.13	206.61	29.29-44.14	16.62
	JOS A BANK CLOTHIERS INC	JOSB	10,000	316,007.42	48.742	487,420.00	171,412.58	54.24	39.54-56.43	14.01
	LENDER PROCESSING SVCS INC COM...	LPS	500	5,045.66	28.25	14,125.00	9,079.34	179.94	12.91-28.39	38.70
	LENNOX INTL INC	LII	5,000	210,437.94	47.25	236,250.00	25,812.06	12.27	24.37-48.75	25.13
	MANITOWOC INC	MTW	10,000	150,593.40	13.17	131,700.00	-18,893.40	-12.55	5.76-16.97	20.90
	MEDNAX INC	MD	5,000	361,070.85	71.245	356,225.00	-4,845.85	-1.34	59.24-75.86	15.56
	NEUSTAR INC CL A	NSR	5,000	132,566.45	38.5517	192,758.50	60,192.05	45.41	22.98-38.69	20.95
	PENGROWTH ENERGY CORP	PGH	10,000	203,637.46	6.56	65,600.00	-138,037.46	-67.79	5.79-11.17	1.379.00
	PERKINELMER INC	PKI	5,000	140,405.95	27.58	137,900.00	-2,505.95	-1.78	17.45-28.24	15.96
	PORTFOLIO RECOVERY ASSOC INC	PRAA	5,000	240,392.99	101.48	507,400.00	267,007.01	111.07	56.76-102.77	15.96
	QUALITY SYSTEMS INC	QSII	5,000	36,690.60	17.92	89,600.00	52,909.40	144.20	15.04-50.70	14.69
	SODASTREAM INTL LTD ORD	SODA	5,000	359,589.59	38.20	191,000.00	-168,589.59	-46.88	27.60-48.13	16.05
	SOUTH JERSEY IND INC	SJI	5,000	187,934.87	51.35	256,750.00	68,815.13	36.62	46.52-57.99	16.05
	SYNNEX CORP	SNX	5,000	179,012.80	34.40	172,000.00	-7,012.80	-3.92	23.19-44.25	7.91
	SYNTEL INC	SYNT	5,000	167,334.95	59.17	295,850.00	128,515.05	76.80	38.10-64.63	15.99
	TESORO LOGISTICS LP	TLLP	100	2,100.00	44.188	4,418.80	2,318.80	110.42	22.41-44.51	26.94
	THORATEC CORP NEW	THOR	5,000	148,140.05	34.80	174,000.00	25,859.95	17.46	27.84-38.07	25.97
	TRUE RELIGION APPAREL INC	TRLG	5,000	56,159.45	23.21	116,050.00	59,890.55	106.64	20.22-37.82	12.48
	International Stocks			2,365,389.17		2,563,432.50	198,043.33	8.37		
	BAIDU INC SPONS ADS REPR 0.10 OR...	BIDU	5,000	590,629.90	111.92	559,600.00	-31,029.90	-5.25	99.71-154.15	113.05
	Bank of Nova Scotia	BNS	5,000	267,163.70	52.82	264,100.00	-3,063.70	-1.15	45.79-57.57	15.09
	BP PLC SPONS ADR	BP	5,000	276,165.38	40.44	202,200.00	-73,965.38	-26.78	33.62-48.34	6.03
	DIAGEO PLC NEW GB SPON	ADR ... DEO	2,000	128,034.73	111.15	222,300.00	94,265.27	73.62	73.23-111.53	

Portfolio

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	GENPACT LTD	G	5,000	79,583.73	18.58	92,900.00	13,316.27	16.73	13.37-19.52	
	RENESOLA LTD	SOL	5,000	117,135.18	1.35	6,750.00	-110,385.18	-94.24	1.16-3.38	
	RESEARCH IN MOTION LTD-CAD	RIMM	5,000	327,864.86	6.645	33,225.00	-294,639.86	-89.87	6.56-32.48	1.20
	RIO TINTO PLC SPON ADR	RIO	15,000	161,099.41	43.43	651,450.00	490,350.59	304.38	40.50-63.18	
	SHIRE PLC ADR X	SHPGY	5,000	351,945.37	92.279	461,395.00	109,449.63	31.10	80.09-108.79	N/E
	TYCO INTERNATIONAL LTD(SWITZERL...	TYC	1,250	65,766.91	55.61	69,512.50	3,745.59	5.70	38.21-58.12	24.61
Cash				5,555,505.97		5,555,505.97	0.00	0.0		
Cash				5,555,505.97		5,555,505.97				
Other				687,500.00		774,092.55	86,592.55	12.60		
ENERGY MISSISSIPPI INC. 6.20%		EFM	10,000	250,000.00	27.639	276,390.00	26,390.00	10.56	26.43-30.00	
ENERGY TEXAS INC 7.875%		EDT	10,000	250,000.00	28.80	288,000.00	38,000.00	15.20	27.63-30.95	
MOTORS LIQ CO GUC TR UBI		MTLQU	511	0.00	14.55	7,435.05	7,435.05	0.00	10.00-15.70	
QWEST CORPORATION 7.00%		CTX	7,500	187,500.00	26.969	202,267.50	14,767.50	7.88	24.81-27.30	
Unclassified				*		21,038,093.66	*	*		
Asset Mixture				*		16,934,223.06	*	*		
AMER FUNDS CAPITAL	WORLD ...	CWGX	19,972.622	704,136.81	35.08	700,639.58	-3,497.23	-0.50	29.54-35.92	
BLACKROCK ALL-CAP ENERGY & RES...	BACAX	BACAX	47,921.441	*	12.56 e	601,893.30	*	*	10.92-15.32	
CLEARBRIDGE ENERGY MLP OPPORT...	EMO	EMO	10,527.5771	3,418.08*	20.15	212,130.68	*	*	15.00-23.93	
COLUMBIA SELIGMAN	COMMU...	SLMCX	57,895.635	1,725,626.68	44.94	2,601,829.84	876,203.16	50.78	37.96-50.45	
EATON VANCE FLOATING	RATE ...	EVBLX	112,871.61	1,059,948.71	9.35	1,055,349.55	-4,599.16	-0.43	8.88-9.35	
INVESCO EUROPEAN	GROWT...	AEDAX	25,760.924	979,857.77	31.57	813,272.37	-166,585.40	-17.00	26.92-32.27	
LORD ABBETT FLOATING RATE FUN...	FUN...	LFRAJ	346,078.854	3,244,395.33	9.29	3,215,072.55	-29,322.78	-0.90	8.72-9.30	
MAINSTAY CONVERTIBLE CLASS A	MCOAX	MCOAX	79,362.963	10,843.65*	15.07	1,195,999.85	*	*	13.43-15.51	
MFS DIVERSIFIED INCOME	FUND ...	DIFAX	100,466.851	1,059,712.07	11.44	1,149,340.78	89,628.71	8.46	9.77-11.44	
PIMCO TOTAL RETURN FUND	CLA...	PTTAX	201,818.551	2,168,073.37	11.50	2,320,913.34	152,839.97	7.05	10.69-11.50	
PIMCO UNCONSTRAINED BOND	FU...	PUBAX	185,068.421	2,061,275.34	11.52	2,131,988.21	70,712.87	3.43	10.84-11.52	
THORNBURG INTERNATIONAL	VAL...	TGVAX	37,119.913	1,017,662.80	25.21	935,793.01	-81,869.79	-8.04	22.45-27.22	

Totals: A=avg cost 76,979,917.0... 129,089,198.22 52,109,281.1... 67.69*

CITY OF TROY
 EMPLOYEE RETIREMENT SYSTEM
 FUND 731
 MONTH ENDING:

July 31, 2012

Account Number	Description	Cost Basis	Market Basis	Cost Allocation	Market Allocation	Unrealized Gain/(Loss)
Various	Cash	\$ 17,801,189	\$ 17,801,189	12.41%	10.00%	\$ -
1120.120	Common Stock	64,630,706	101,958,844	45.07%	57.29%	37,328,138
1120.145	Preferred Stock	871,763	407,850	0.61%	0.23%	(463,913)
1120.140	Mutual Funds	39,893,838	36,977,329	27.82%	20.78%	(2,916,509)
1120.110	Corporate Bonds	9,835,762	9,404,626	6.86%	5.28%	(431,136)
1120.125	Government Securities	10,481,048	11,400,665	7.31%	6.41%	919,618
N/A	Options	(112,280)	(82,478)	-0.08%	-0.05%	29,802
N/A	Other	-	100,868	0.00%	0.06%	100,868
Total ERS Cost Basis		\$ 143,402,025	\$ 177,968,893	100%	100%	\$ 34,566,868

10.00% Cash

Cost Basis	Market Basis	Cost Allocation	Market Allocation	Recommended Allocation Per Market
				Minimum Target Maximum
\$ 17,801,189	\$ 17,801,189	12.43%	10.00%	0.00% 5.00% 10.00%

Equities

Common Stock	64,630,706	101,958,844	317235.28		
Preferred Stock	871,763	407,850			
Mutual Funds	25,003,138	21,989,655			
Options	(112,280)	(82,478)			
Total Equities	90,393,327	124,273,872	63.14%	69.83%	40.00% 60.00% 70.00%

Fixed Income

Corporate Bonds	9,835,762	9,404,626			
Government Securities	10,481,048	11,400,665			
Mutual Funds	11,407,880	11,691,787			
Total Fixed Income	31,724,689	32,497,078	22.16%	18.26%	30.00% 35.00% 50.00%

Other

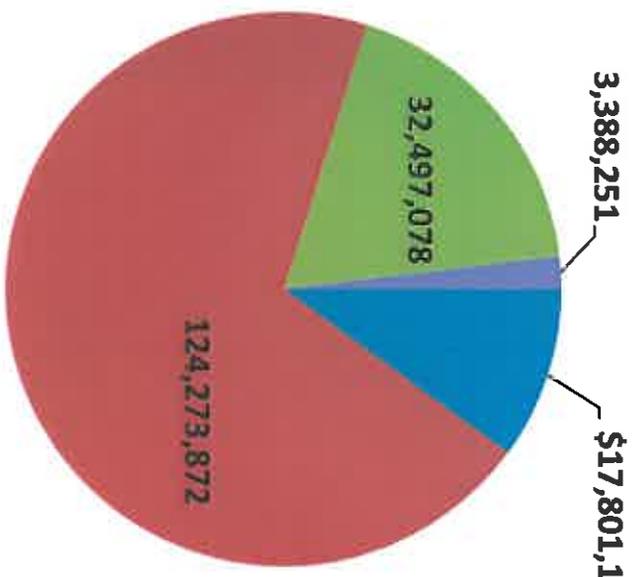
Mutual Funds Mixed	2,207,239	2,271,958			
Mutual Funds Commodities	1,032,417	1,023,929			
Other	-	100,868			
Total Other	3,239,656	3,396,754	2.26%	1.91%	0.00% 0.00% 5.00%

Total

\$ 143,158,861	\$ 177,968,893	100.00%	100.00%	
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**City of Troy
Employees Retirement System
Portfolio Analysis
June 30, 2012**

Total Market Value Basis = 177,960,390



- 10.00% Cash
- 69.83% Total Equities
- 18.26% Total Fixed Income
- 1.91% Total Other

CITY OF TROY MICHIGAN
 EMPLOYEE RETIREMENT SYSTEM
 COMMON STOCK
 ACCT# 1120.120
 July 31, 2012

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	NAME	July 1, 2012		JULY		ENDING BALANCE	
							SHARES	BOOK VALUE	SHARES	BOOK VALUE	SHARES	BOOK VALUE
731	0	2	2004	10	19 3M		5,000	443,493.23			5,000	443,493.23
731	0	4	2004	8	17 3M		15,000	786,467.85			15,000	786,467.85
731	0	8	2004	5	3 ABBOTT LABS		4,000	175,020.67			4,000	175,020.67
731	0	2	2004	5	20 ABBOTT LABS		1,000	41,493.92			1,000	41,493.92
731	0	3	2006	3	15 ABBOTT LABS		22,000	399,927.49			22,000	399,927.49
731	0	4	2004	5	6 ABBOTT LABS		1,000	31,362.85			1,000	31,362.85
731	0	8	2010	5	18 AECOM TECHNOLOGY		3,000	88,460.70			3,000	88,460.70
731	0	4	2010	2	10 AECOM TECHNOLOGY		5,000	125,940.23			5,000	125,940.23
731	0	8	2008	12	19 AFLAC		7,000	306,067.90			7,000	306,067.90
731	0	2	2004	2	13 AFLAC		19,000	106,926.82			19,000	106,926.82
731	0	3	2004	4	21 AFLAC		6,000	253,431.15			6,000	253,431.15
731	0	3	2008	12	15 ALCOA		10,000	129,882.87			10,000	129,882.87
731	0	8	2010	8	6 ALMOST FAMILY		2,000	54,566.15			2,000	54,566.15
731	0	2	2010	4	20 ALMOST FAMILY		5,000	200,124.66			5,000	200,124.66
731	0	1	2011	11	15 AMERICAN SCIENCE & ENGINEERING		3,000	259,595.93			3,000	259,595.93
731	0	1	2012	4	#### AMERICAN TOWER CORP		5,000	318,090.87			5,000	318,090.87
731	0	2	2004	10	19 AMGEN INC.		5,100	263,677.38	(2,000.00)	(92,334.29)	3,100	171,343.09
731	0	1	2010	9	14 APPLE		4,750	1,154,581.87			4,750	1,154,581.87
731	0	1	2011	9	20 APPLE		2,000	784,832.39			2,000	784,832.39
731	0	2	2010	9	14 ARES CAPITAL		5,000	79,468.68			5,000	79,468.68
731	0	2	2008	4	14 AT&T		5,000	189,489.57			5,000	189,489.57
731	0	3	2009	12	15 AT&T		15,000	277,701.72			15,000	277,701.72
731	0	8	2007	4	2 AUTOMATTIC DATA PROCESSING		2,000	66,672.80			2,000	66,672.80
731	0	3	2009	8	6 AUTOMATTIC DATA PROCESSING		3,000	114,228.86			3,000	114,228.86
731	0	1	2009	12	15 AVON PRODUCTS		2,000	149,051.95			2,000	149,051.95
731	0	2	2010	7	19 BAIDU INC.		3,000	441,577.95			3,000	441,577.95
731	0	2	2011	9	20 BAIDU INC.		10,000	168,536.26			10,000	168,536.26
731	0	1	2010	1	20 BANK OF AMERICA		5,000	267,163.70			5,000	267,163.70
731	0	1	2012	5	10 BANK OF NOVA SCOTIA		5,000	401,462.03			5,000	401,462.03
731	0	2	2009	11	17 BARD CR		2,500	134,595.33			2,500	134,595.33
731	0	1	2011	6	14 BED BATH & BEYOND		2,000	44,318.95			2,000	44,318.95
731	0	8	2010	11	17 BIO REFERENCE LAB		5,000	110,670.39			5,000	110,670.39
731	0	3	2010	11	16 BIO REFERENCE LAB		5,000	364,115.95			5,000	364,115.95
731	0	2	2012	4	18 BOEING CO		5,000	276,165.38			5,000	276,165.38
731	0	3	2009	9	15 BP AMOCO		2,000	34,647.73			2,000	34,647.73
731	0	2	2005	1	3 BRADY W H		2,000	29,858.94			2,000	29,858.94
731	0	3	2005	1	3 BRADY W H		2,000	14,106.89			2,000	14,106.89
731	0	4	2009	4	15 BRADY W H		1,000				1,000	
731	0	1	2010	5	3 BROADRIDGE FIN'L							

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	NAME	SHARES	July 1, 2012		JULY		ENDING BALANCE	
								BOOK VALUE	SHARES	BOOK VALUE	SHARES	BOOK VALUE	BOOK VALUE
731	0	8	2011	5	5	BRUKER CORP.	2,000	38,107.71			2,000	38,107.71	
731	0	1	2010	11	11	BRUKER CORP.	5,000	78,022.84			5,000	78,022.84	
731	0	3	2009	7	9	CATALYST HEALTH SOLUTIONS	5,000	118,588.81	(5,000.00)	(118,588.81)			
731	0	3	2012	7	6	CATAMARAN CORP COM			3,303.00	118,588.81			
731	0	1	2010	9	14	CATERPILLAR	5,000	359,277.67			5,000	359,277.67	
731	0	8	2008	1	29	CEIGNE CORP.	2,000	118,056.25			2,000	118,056.25	
731	0	1	2011	1	11	CEIGNE CORP.	4,000	225,746.44			4,000	225,746.44	
731	0	3	2009	1	21	CHESAPEAKE ENERGY	10,000	367,174.92			10,000	367,174.92	
731	0	3	2011	9	20	CHESAPEAKE ENERGY	2,000	64,336.59			2,000	64,336.59	
731	0	1	2009	2	18	CHEVRON	14,000	664,786.59			14,000	664,786.59	
731	0	2	2004	9	13	CHEVRON	8,000	284,761.85			8,000	284,761.85	
731	0	1	2011	9	20	CHEVRON	2,900	287,720.25			2,900	287,720.25	
731	0	2	2000	3	28	CISCO SYSTEMS	2,000	83,364.43			2,000	83,364.43	
731	0	3	2003	11	18	CISCO SYSTEMS	18,000	556,738.68			18,000	556,738.68	
731	0	1	2009	12	10	CIT GROUP	9,162	435,487.64			9,162	435,487.64	
731	0	2	2009	12	10	CIT GROUP	3,047	125,655.88			3,047	125,655.88	
731	0	1	2012	4	18	CLEAN ENERGY FUELS CORP	5,000	101,643.37			5,000	101,643.37	
731	0	3	2011	6	9	CLEARBRIDGE ENERGY MLP	10,721	206,944.82			10,721	206,944.82	
731	0	1	2009	8	18	CLIFFS NAT RESOURCES	2,000	245,358.26			2,000	245,358.26	
731	0	8	2008	2	1	CLIFFS NAT RESOURCES	2,000	160,709.27			2,000	160,709.27	
731	0	4	2007	11	8	COACH	1,000	31,095.92			1,000	31,095.92	
731	0	2	1999	3	16	COCCA COLA	5,000	170,863.50			5,000	170,863.50	
731	0	2	2011	9	20	COCCA COLA	10,000	338,627.88			10,000	338,627.88	
731	0	8	2011	6	10	COGNEX CORP	2,000	140,243.75			2,000	140,243.75	
731	0	3	2011	6	7	COGNEX CORP	2,000	67,345.65			2,000	67,345.65	
731	0	2	2010	1	20	COLGATE PALMOLIVE	5,000	169,104.43			5,000	169,104.43	
731	0	1	2010	1	20	COPANO ENERGY	10,000	421,673.47			10,000	421,673.47	
731	0	1	2010	1	20	CORNING	10,000	298,179.02			10,000	298,179.02	
731	0	2	2009	11	16	CORNING	3,000	87,127.85			3,000	87,127.85	
731	0	1	2012	5	10	COSTCO WHOLESALE	7,000	58,436.39			7,000	58,436.39	
731	0	2	2010	1	20	CSX	5,000	422,060.72			5,000	422,060.72	
731	0	2	2011	9	20	CSX	24,000	352,722.53			24,000	352,722.53	
731	0	1	2009	12	15	CULLEN FROST BANKERS	2,000	41,984.15			2,000	41,984.15	
731	0	3	2009	11	17	CULLEN FROST BANKERS	5,000	240,511.65	(5,000.00)	(240,511.65)			
731	0	3	2011	9	20	CUMMINS, INC.	2,000	194,811.59			2,000	194,811.59	
731	0	8	2002	9	12	DANAHER CORP.	8,000	117,224.25			8,000	117,224.25	
731	0	1	2010	6	14	DANAHER CORP.	8,000	203,308.72			8,000	203,308.72	
731	0	2	2010	6	14	DANAHER CORP.	4,000	56,581.63			4,000	56,581.63	
731	0	4	2010	6	14	DANAHER CORP.	4,000	109,855.40			4,000	109,855.40	
731	0	1	2009	6	30	DARLING INT'L	10,000	66,595.12			10,000	66,595.12	
731	0	1	2010	12	22	DECKERS OUTDOOR CORP.	10,000	366,450.01			10,000	366,450.01	
731	0	1	2010	10	13	DG FASTCHANNEL							
731	0	1	2010	2	17	DIAGEO	2,000	128,034.73			2,000	128,034.73	
731	0	3	2011	9	30	DIAMOND FOODS, INC.	5,000	391,490.70			5,000	391,490.70	

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	NAME	July 1, 2012		JULY		ENDING BALANCE	
							SHARES	BOOK VALUE	SHARES	BOOK VALUE	SHARES	BOOK VALUE
731	0	3	2004	7	19	DIEBOLD	5,000	228,607.62			5,000	228,607.62
731	0	1	2011	6	14	DIRECTV	4,920	236,667.51			4,920	236,667.51
731	0	2	2010	11	16	DIRECTV	2,000	85,607.95			2,000	85,607.95
731	0	7	2009	11	25	DIRECTV	2,080	32,202.67			2,080	32,202.67
731	0	2	2012	4	18	DIRECTV	6,000	295,078.95			6,000	295,078.95
731	0	7	2008	9	24	DISCOVERY COMM.	520	7,491.05			520	7,491.05
731	0	7	2008	9	24	DISCOVERY COMM. A	520	8,343.07			520	8,343.07
731	0	3	2010	1	20	DISNEY WALT	7,000	152,049.30			7,000	152,049.30
731	0	7	2007	6	13	DISNEY WALT	3,000	40,911.29			3,000	40,911.29
731	0	2	2003	8	19	DOVER CORP	4,000	149,562.35			4,000	149,562.35
731	0	3	2003	8	19	DOVER CORP	5,000	186,642.42			5,000	186,642.42
731	0	4	2001	2	6	DOVER CORP	1,000	41,666.33			1,000	41,666.33
731	0	3	2010	9	14	DOW CHEMICAL	15,000	465,165.62			15,000	465,165.62
731	0	1	2001	1	29	DUKE ENERGY	400	3,518.56	8,441.00	352,976.26	8,841	356,494.82
731	0	2	2007	1	30	DUKE ENERGY	9,600	44,807.36			9,600	44,807.36
731	0	3	2012	7	3	DUKE ENERGY	-	-	6,966.00	346,753.51	6,966	346,753.51
731	0	6	2010	12	16	DUKE ENERGY	3,308	20,431.52			3,308	20,431.52
731	0	8	2010	8	6	EBAY INC.	10,000	333,170.85			10,000	333,170.85
731	0	3	2006	9	5	EBAY INC.	5,000	138,547.45			5,000	138,547.45
731	0	8	2007	10	22	EMC CORP.	6,000	81,014.00			6,000	81,014.00
731	0	1	2007	10	25	EMC CORP.	17,000	209,532.02			17,000	209,532.02
731	0	2	2005	8	12	EMC CORP.	2,000	27,723.00			2,000	27,723.00
731	0	8	2006	12	12	EMERSON ELECTRIC	4,000	94,240.25			4,000	94,240.25
731	0	2	2007	12	12	EMERSON ELECTRIC	4,000	161,023.63			4,000	161,023.63
731	0	8	2012	4	3	EXPRESS SCRIPTS	1,620	91,052.10			1,620	91,052.10
731	0	2	2012	4	3	EXPRESS SCRIPTS	4,050	238,440.79			4,050	238,440.79
731	0	2	2001	7	24	EXXON	4,000	47,246.07			4,000	47,246.07
731	0	4	2002	6	18	EXXON	6,000	61,480.30			6,000	61,480.30
731	0	8	2011	5	5	FABRINET	4,000	84,933.90			4,000	84,933.90
731	0	4				FABRINET	5,000	93,588.71			5,000	93,588.71
731	0	3	2012	5	17	FACEBOOK	150	5,700.00			150	5,700.00
731	0	8	2002	9	12	FACTSET RESEARCH SYS	3,000	46,870.25			3,000	46,870.25
731	0	1	2005	6	14	FACTSET RESEARCH SYS	2,000	62,713.03			2,000	62,713.03
731	0	3	2005	2	7	FACTSET RESEARCH SYS	1,500	26,270.06			1,500	26,270.06
731	0	8	2005	11	14	FASTENAL	8,000	58,125.00			8,000	58,125.00
731	0	2	2005	11	14	FASTENAL	8,000	184,253.14			8,000	184,253.14
731	0	2	2008	7	2	FIDELITY NATIONAL INFO	1,000	6,493.26			1,000	6,493.26
731	0	8	2004	12	9	FISERV	3,000	115,329.50			3,000	115,329.50
731	0	1	2005	3	15	FISERV	5,000	193,816.02			5,000	193,816.02
731	0	2	2006	3	31	FISERV INC.	3,000	124,067.64			3,000	124,067.64
731	0	4	2005	3	15	FISERV INC.	2,000	76,692.05			2,000	76,692.05
731	0	4	2011	1	11	FLIR SYSTEMS	5,000	147,485.34			5,000	147,485.34
731	0	1	2010	4	20	FLUOR CORP.	7,500	127,229.34			7,500	127,229.34
731	0	2	2009	9	15	FLUOR CORP.	5,000	266,815.15			5,000	266,815.15
731	0	2	2010	12	15	FORD	10,000	167,073.80			10,000	167,073.80

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	NAME	SHARES	July 1, 2012		JULY		ENDING BALANCE	
								BOOK VALUE	SHARES	BOOK VALUE	SHARES	BOOK VALUE	SHARES
731	0	4	2009	3	10	FOSSIL	5,000	62,562.85	5,000	62,562.85	5,000	62,562.85	
731	0	8	2008	7	15	FRANKLIN RESOURCES	2,000	175,059.24	2,000	175,059.24	2,000	175,059.24	
731	0	2	2009	10	5	FRANKLIN RESOURCES	3,000	303,299.19	3,000	303,299.19	3,000	303,299.19	
731	0	1	2009	9	15	FREEPORT MCMORAN COPPER	20,000	882,118.37	20,000	882,118.37	20,000	882,118.37	
731	0	8	2010	5	3	GAMESTOP	4,000	101,408.50	4,000	101,408.50	4,000	101,408.50	
731	0	3	2009	3	16	GAMESTOP	5,000	126,433.80	5,000	126,433.80	5,000	126,433.80	
731	0	1	2011	9	20	GAMESTOP	1,000	24,452.66	1,000	24,452.66	1,000	24,452.66	
731	0	2	2006	3	30	GENERAL DYNAMICS	4,000	8,497.30	4,000	8,497.30	4,000	8,497.30	
731	0	4	2006	3	30	GENERAL DYNAMICS	16,000	422,940.64	16,000	422,940.64	16,000	422,940.64	
731	0	1	2008	7	15	GENERAL ELECTRIC	10,000	357,402.80	10,000	357,402.80	10,000	357,402.80	
731	0	2	2010	12	15	GENERAL ELECTRIC	5,200	47,910.68	5,200	47,910.68	5,200	47,910.68	
731	0	7	2000	5	11	GENERAL ELECTRIC	10,800	62,038.24	10,800	62,038.24	10,800	62,038.24	
731	0	1	2010	6	15	GENERAL MILLS	5,000	190,632.65	5,000	190,632.65	5,000	190,632.65	
731	0	1	2011	5	1	GENERAL MOTORS (Exchange)	2,037	228,544.97	2,037	228,544.97	2,037	228,544.97	
731	0	1	2011	5	1	GENERAL MOTORS Warrant (Exchange)	3,704	270,223.28	3,704	270,223.28	3,704	270,223.28	
731	0	3	2011	5	1	GENERAL MOTORS Warrant (Exchange)	3,630	270,900.00	3,630	270,900.00	3,630	270,900.00	
731	0	3	2011	5	1	GENERAL MOTORS (Exchange)	1,959	229,100.00	1,959	229,100.00	1,959	229,100.00	
731	0	3	2010	11	23	GENERAL MOTORS	5,038	165,000.00	5,038	165,000.00	5,038	165,000.00	
731	0	3	2011	4	8	GENPACT	5,000	79,583.73	5,000	79,583.73	5,000	79,583.73	
731	0	1	2012	4	18	GENUINE PARTS CO.	5,000	316,434.00	5,000	316,434.00	5,000	316,434.00	
731	0	2	2008	7	15	GFI GROUP	5,000	38,710.45	5,000	38,710.45	5,000	38,710.45	
731	0	8	2010	6	23	GILEAD SCIENCES	7,000	308,721.43	7,000	308,721.43	7,000	308,721.43	
731	0	3	2007	6	25	GILEAD SCIENCES	10,000	323,035.51	10,000	323,035.51	10,000	323,035.51	
731	0	8	2007	3	28	GLOBAL PAYMENTS	2,000	78,788.25	2,000	78,788.25	2,000	78,788.25	
731	0	1	2009	12	15	GLOBAL PAYMENTS	3,000	154,667.78	3,000	154,667.78	3,000	154,667.78	
731	0	7	2006	9	29	GLOBAL PAYMENTS	5,000	194,620.68	5,000	194,620.68	5,000	194,620.68	
731	0	1	2009	11	17	GOOGLE	1,000	479,740.99	1,000	479,740.99	1,000	479,740.99	
731	0	2	2009	11	17	GOOGLE	2,000	1,161,211.15	2,000	1,161,211.15	2,000	1,161,211.15	
731	0	1	2010	9	14	GREEN MOUNTAIN COFFEE	13,000	391,824.65	13,000	391,824.65	13,000	391,824.65	
731	0	2	2010	6	15	HALLIBURTON CO.	10,000	193,928.42	10,000	193,928.42	10,000	193,928.42	
731	0	1	2005	1	19	HARTFORD FINANCIAL SERV.	5,000	337,662.20	5,000	337,662.20	5,000	337,662.20	
731	0	3	1998	7	16	HARTFORD FINANCIAL SERV.	5,000	50,281.52	5,000	50,281.52	5,000	50,281.52	
731	0	7	2004	8	16	HARTFORD FINANCIAL SERV.	-	-	-	-	-	-	
731	0	8	2009	10	20	HCC INSURANCE HOLDINGS	2,000	57,122.57	2,000	57,122.57	2,000	57,122.57	
731	0	4	2007	11	8	HCC INSURANCE HOLDINGS	5,000	146,487.17	5,000	146,487.17	5,000	146,487.17	
731	0	3	2010	11	8	HEALTH CARE RET	7,000	184,525.41	7,000	184,525.41	7,000	184,525.41	
731	0	1	2009	12	15	HESS CORP.	2,000	112,204.73	2,000	112,204.73	2,000	112,204.73	
731	0	1	2009	12	15	HILLENBRAND	5,000	97,745.28	5,000	97,745.28	5,000	97,745.28	
731	0	1	1999	12	6	HONEYWELL INT'L	3,000	54,956.25	3,000	54,956.25	3,000	54,956.25	
731	0	2	2009	2	18	HONEYWELL INT'L	11,172	320,331.40	11,172	320,331.40	11,172	320,331.40	
731	0	8	2007	5	22	IDEX CORP	2,250	27,750.00	2,250	27,750.00	2,250	27,750.00	
731	0	1	2007	5	22	IDEX CORP	10,500	215,255.25	10,500	215,255.25	10,500	215,255.25	
731	0	3	2004	6	1	IDEX CORP	2,250	29,507.37	2,250	29,507.37	2,250	29,507.37	
731	0	2	2010	8	25	INTEL	8,000	170,016.84	8,000	170,016.84	8,000	170,016.84	
731	0	3	2010	6	15	INT'L GAME TECHNOLOGY	20,000	469,182.13	20,000	469,182.13	20,000	469,182.13	

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	NAME	SHARES	July 1, 2012		JULY		ENDING BALANCE	
								BOOK VALUE	SHARES	BOOK VALUE	SHARES	BOOK VALUE	SHARES
731	0	7	2009	1	16	INTUITIVE SURGICAL	5,000	516,251.62			5,000	516,251.62	
731	0	2	2005	1	4	J P MORGAN CHASE & CO	5,000	113,523.16			5,000	113,523.16	
731	0	4	2007	11	21	J P MORGAN CHASE & CO	2,000	75,704.64			2,000	75,704.64	
731	0	2	2004	1	8	JOHNSON CONTROLS	6,000	52,142.82			6,000	52,142.82	
731	0	1	2010	8	19	JOS A BANK CLOTHIERS	5,000	160,409.66			5,000	160,409.66	
731	0	2	2012	7	17	JOS A BANK CLOTHIERS	-	-	5,000.00	208,532.95	5,000	208,532.95	
731	0	4	2006	11	13	KOHL'S CORP.	5,000	369,728.35			5,000	369,728.35	
731	0	4	2011	11	20	KOHL'S CORP.	5,000	253,860.91			5,000	253,860.91	
731	0	3	2010	9	14	KRAFT FOODS	5,000	154,406.59			5,000	154,406.59	
731	0	2	2008	1	10	LABORATORY CORP AMER HOLD	-	-			-	-	
731	0	8	2008	12	19	LABORATORY CORP.	5,000	322,221.10			5,000	322,221.10	
731	0	2	2008	7	2	LENDER PROCESSING SERVICE	500	5,045.66			500	5,045.66	
731	0	1	2010	2	17	LENNOX INT'L	5,000	210,437.94			5,000	210,437.94	
731	0	7	2009	11	20	LIBERTY MEDIA STARZ	183	5,030.35			183	5,030.35	
731	0	8	2009	12	15	LKQ CORP.	2,000	36,990.75			2,000	36,990.75	
731	0	2	2010	11	16	LKQ CORP.	3,000	33,844.21			3,000	33,844.21	
731	0	2	2009	12	15	MANITOWOC	10,000	150,593.40			10,000	150,593.40	
731	0	1	2010	1	20	MCDONALDS	8,100	387,373.85			8,100	387,373.85	
731	0	2	2009	3	16	MCDONALDS	8,000	320,722.21			8,000	320,722.21	
731	0	3	2009	8	18	MCDONALDS	5,000	280,865.75			5,000	280,865.75	
731	0	1				MCKESSON CORP	5,000	393,168.79			5,000	393,168.79	
731	0	1	2011	6	10	MEDCO HEALTH SOLUTIONS	-	-			-	-	
731	0	2	2010	8	6	MEDCO HEALTH SOLUTIONS	-	-			-	-	
731	0	8				MEDMAX	2,000	131,968.56			2,000	131,968.56	
731	0	3	2011	5	2	MEDMAX	5,000	361,070.85			5,000	361,070.85	
731	0	8	2007	8	15	MEDTRONIC	10,000	501,012.30			10,000	501,012.30	
731	0	2	2009	11	5	MERCK & CO.	16,147	86,764.12			16,147	86,764.12	
731	0	2	2008	11	5	METTLER TOLEDO INTL	5,000	386,376.45			5,000	386,376.45	
731	0	3	2003	2	18	MICROSOFT	22,546	805,324.31			22,546	805,324.31	
731	0	4	2009	4	15	MONSANTO	-	0.00			-	0.00	
731	0	2	2007	7	2	MORGAN STANLEY	8,340	101,081.02			8,340	101,081.02	
731	0	8	2008	7	15	NEUSTAR INC.	4,000	90,011.90			4,000	90,011.90	
731	0	2	2008	4	17	NEUSTAR INC.	5,000	132,566.45			5,000	132,566.45	
731	0	3	2009	5	19	NEXTERA ENERGY	-	-			-	-	
731	0	3	2009	9	15	NORFOLK SOUTHERN	5,000	246,207.66			5,000	246,207.66	
731	0	3	2011	10	17	NORFOLK SOUTHERN	3,000	203,511.40			3,000	203,511.40	
731	0	8	2005	6	16	O REILLY AUTOMOTIVE	4,000	72,891.40			4,000	72,891.40	
731	0	2	2007	11	21	O REILLY AUTOMOTIVE	4,000	94,174.23			4,000	94,174.23	
731	0	4	2005	6	21	O REILLY AUTOMOTIVE	2,000	33,822.50			2,000	33,822.50	
731	0	8	2006	3	28	OMNICOM GROUP	4,000	167,220.25			4,000	167,220.25	
731	0	1	2007	6	26	OMNICOM GROUP	8,000	274,205.25			8,000	274,205.25	
731	0	2	2007	6	26	OMNICOM GROUP	2,000	79,140.93			2,000	79,140.93	
731	0	1	2009	8	18	ONEOK	34,000	503,753.20	(4,000.00)	(100,510.84)	30,000	403,242.36	
731	0	1	2005	2	15	ORACLE	10,000	131,772.17			10,000	131,772.17	
731	0	2	2005	10	17	ORACLE	15,000	169,473.85			15,000	169,473.85	

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	NAME	July 1, 2012		JULY		ENDING BALANCE	
							SHARES	BOOK VALUE	SHARES	BOOK VALUE	SHARES	BOOK VALUE
731	0	3	2008	10	20	PANERA BREAD	10,000	677,619.10			10,000	677,619.10
731	0	2	2008	7	14	PEABODY ENERGY	5,000	378,864.58			5,000	378,864.58
731	0	3	2008	5	20	PENGRWTH WENEGY	10,000	203,637.46			10,000	203,637.46
731	0	1	2004	8	16	PEPSICO	17,000	463,419.55			17,000	463,419.55
731	0	2	2004	3	12	PEPSICO	8,000	301,611.31			8,000	301,611.31
731	0	7	1997	10	10	PEPSICO	5,000	146,627.70			5,000	146,627.70
731	0	1	2011	10	20	PEPSICO	5,000	312,687.24			5,000	312,687.24
731	0	2	2008	5	20	PERKINELMER	5,000	140,405.95			5,000	140,405.95
731	0	8	2010	8	6	PERRIGO	1,000	57,499.25			1,000	57,499.25
731	0	2	2010	10	14	PERRIGO	8,000	290,240.24			8,000	290,240.24
731	0	1	2011	10	20	PERRIGO	5,000	497,217.21			5,000	497,217.21
731	0	1	2010	5	3	PFIZER	7,000	63,480.04			7,000	63,480.04
731	0	4	2008	6	16	PFIZER	10,000	23,242.20			10,000	23,242.20
731	0	1	2009	9	17	PORTFOLIO RECOVERY ASSOC.	5,000	240,392.99			5,000	240,392.99
731	0	8	2010	6	18	PRAAIR	5,800	240,732.00			5,800	240,732.00
731	0	1	2004	9	9	PRAAIR	6,000	249,987.48			6,000	249,987.48
731	0	4	2008	4	17	PRECISION CASTPARTS	5,000	561,641.16			5,000	561,641.16
731	0	1	2005	10	3	PROCTER GAMBLE	4,875	224,489.81			4,875	224,489.81
731	0	2	2005	10	3	PROCTER GAMBLE	17,750	522,362.51			17,750	522,362.51
731	0	4	2004	6	24	PROCTER GAMBLE	18,000	312,456.64			18,000	312,456.64
731	0	1	2009	4	15	PROGRESS ENERGY	10,000	352,992.97	(10,000.00)	(352,992.96)		0.00
731	0	2	2012	7	17	PVH CORP	8,000	346,785.36	(8,000.00)	(346,785.36)		
731	0	3	2009	10	20	QUALITY SYSTEMS	5,000	36,690.60			5,000	36,690.60
731	0	3	2010	5	7	REINSURANCE GROUP OF AMER	5,000	230,659.06			5,000	230,659.06
731	0	3	2008	5	20	RENSOLA						
731	0	2	2009	11	17	REPUBLIC SERVICES	5,000	136,304.01			5,000	136,304.01
731	0	8	2010	5	18	RESEARCH IN MOTION						
731	0	3	2010	1	13	RESEARCH IN MOTION						
731	0	7				RESMED						
731	0	1	2010	4	30	RIO TINTO	5,000	157,157.54			5,000	157,157.54
731	0	8	2005	8	29	ROPER INDUSTRIES	15,000	619,698.79			15,000	619,698.79
731	0	2	2005	8	29	ROPER INDUSTRIES	4,000	60,440.25			4,000	60,440.25
731	0	3	2005	8	29	ROPER INDUSTRIES	12,000	407,640.40			12,000	407,640.40
731	0	1	2008	12	15	SCANA CORP	4,000	103,723.56			4,000	103,723.56
731	0	2	2008	1	15	SCANA CORP	5,000	174,228.40			5,000	174,228.40
731	0	2	2006	4	10	SCHLUMBERGER	4,000	145,097.56			4,000	145,097.56
731	0	3	2006	4	10	SCHLUMBERGER	20,000	272,023.00			20,000	272,023.00
731	0	8	2011	1	11	SHIRE	2,000	160,846.10			2,000	160,846.10
731	0	3	2010	12	15	SHIRE	5,000	351,945.37			5,000	351,945.37
731	0	1	1999	12	3	SIGMA ALDRICH	8,000	93,909.76			8,000	93,909.76
731	0	4	2007	1	17	SIGMA ALDRICH	15,000	146,339.51			15,000	146,339.51
731	0	1	2010	9	14	SMUCKER J M	4,000	241,085.93			4,000	241,085.93
731	0	3	2011	7	13	SODASTREAM	5,000	359,589.59			5,000	359,589.59
731	0	1	2009	12	15	SOUTH JERSEY IND.	5,000	187,934.87			5,000	187,934.87

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	NAME	July 1, 2012		JULY		ENDING BALANCE	
							SHARES	BOOK VALUE	SHARES	BOOK VALUE	SHARES	BOOK VALUE
731	0	4	1986	6	26	SOUTHERN COMPANY	14,000	121,474.50			14,000	121,474.50
731	0	1	2010	6	15	SPECTRA ENERGY	5,200	104,737.84			5,200	104,737.84
731	0	2	2010	9	14	SPECTRA ENERGY	13,800	214,729.54			13,800	214,729.54
731	0	6	2010	12	13	SPECTRA ENERGY	1,538	40,198.02			1,538	40,198.02
731	0	8	2010	6	23	ST. JUDE MEDICAL	6,000	218,368.75			6,000	218,368.75
731	0	2	2009	10	20	ST. JUDE MEDICAL	5,000	167,454.45			5,000	167,454.45
731	0	2	2005	9	7	STAPLES	5,000	110,520.10			5,000	110,520.10
731	0	2	2012	5	10	STARBUCKS	5,000	278,067.04			5,000	278,067.04
731	0	4	2007	8	31	STRATASYS	10,000	147,892.59			10,000	147,892.59
731	0	8	2005	1	14	STRYKER	13,000	208,628.87			13,000	208,628.87
731	0	3	2004	5	17	STRYKER	17,000	85,655.21			17,000	85,655.21
731	0	4	2006	2	15	STRYKER	-	-			-	-
731	0	2				SYNNEX	5,000	167,334.95			5,000	167,334.95
731	0	2	2010	7	15	SYNTEL INC.	5,000	179,012.80			5,000	179,012.80
731	0	2	2000	12	21	SYSCO	24,000	250,169.76	(10,000.00)	(87,335.89)	14,000	162,833.87
731	0	3	2002	1	15	SYSCO	6,000	120,296.69			6,000	120,296.69
731	0	3	2010	8	6	T ROWE PRICE GROUP	5,000	251,288.72			5,000	251,288.72
731	0	2	2011	9	20	TARGET	5,000	257,157.95			5,000	257,157.95
731	0	2	2009	9	15	TAIWAN SEMICONDUCTOR	5,000	55,263.45			5,000	55,263.45
731	0	3	2011	4	20	TESORO LOGISTICS	100	2,100.00			100	2,100.00
731	0	8	2010	6	18	TEVA PHARMACEUTICALS	12,000	351,091.28			12,000	351,091.28
731	0	1	2010	6	23	TEVA PHARMACEUTICALS	9,000	275,754.65			9,000	275,754.65
731	0	3	2004	7	2	TEVA PHARMACEUTICALS	2,000	68,320.60			2,000	68,320.60
731	0	3	2010	7	19	TEXTRON	8,000	68,285.97			8,000	68,285.97
731	0	1	2011	1	11	THORATEC CORP.	5,000	148,140.05			5,000	148,140.05
731	0	3	2008	4	14	TOTAL FINA ELF	5,000	396,646.85			5,000	396,646.85
731	0	8	2010	9	2	TRACTOR SUPPLY CO.	4,000	72,965.85			4,000	72,965.85
731	0	1	2010	9	2	TRACTOR SUPPLY CO.	4,000	81,375.30			4,000	81,375.30
731	0	1	2010	10	20	TRACTOR SUPPLY CO.	-	(0.00)			-	(0.00)
731	0	3	2009	4	15	TRANSOCEAN LTD SWITZ	20,050	1,146,568.24			20,050	1,146,568.24
731	0	8	2009	5	12	TRUE RELIGION	5,000	109,867.37			5,000	109,867.37
731	0	2	2009	3	27	TRUE RELIGION	5,000	56,159.45			5,000	56,159.45
731	0	2	2007	7	2	TYCO INT'L	1,250	65,766.91			1,250	65,766.91
731	0	4	2007	7	6	TYCO INT'L	2,500	177,271.23			2,500	177,271.23
731	0	2	2009	5	19	UNION PACIFIC	5,000	232,104.24			5,000	232,104.24
731	0	3	2003	3	18	UNITED PARCEL SERVICE	5,000	273,490.10			5,000	273,490.10
731	0	3	2011	10	17	UNITED PARCEL SERVICE	5,000	345,017.28			5,000	345,017.28
731	0	2	2010	4	20	UNITED TECHNOLOGIES	10,000	342,512.00			10,000	342,512.00
731	0	3	2005	6	13	UNITED TECHNOLOGIES	7,000	229,598.61			7,000	229,598.61
731	0	2	2008	12	17	URBAN OUTFITTERS	5,000	77,065.25			5,000	77,065.25
731	0	8	2009	5	12	VARIAN MEDICAL SYSTEMS	3,000	105,221.36			3,000	105,221.36
731	0	3	2009	5	12	VARIAN MEDICAL SYSTEMS	5,000	176,963.75			5,000	176,963.75
731	0	3	2010	7	8	VERIZON COMMUNICATIONS	15,420	373,967.92			15,420	373,967.92
731	0	8	2011	1	11	VISA	5,000	386,135.40			5,000	386,135.40
731	0	3	2010	11	16	VISA	5,000	394,366.14			5,000	394,366.14

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	NAME	July 1, 2012		JULY		ENDING BALANCE	
							SHARES	BOOK VALUE	SHARES	BOOK VALUE	SHARES	BOOK VALUE
731	0	1	2011	11	20	VISA	4,000	377,027.06			4,000	377,027.06
731	0	1	2009	11	17	WALGREEN	5,000	196,513.07			5,000	196,513.07
731	0	3	2004	5	17	WALGREEN	10,000	339,582.10			10,000	339,582.10
731	0	2	2010	4	20	WAL-MART STORES	10,000	538,761.04			10,000	538,761.04
731	0	1	2009	11	17	WASTE MANAGEMENT	-	-			-	-
731	0	2	1999	11	16	WASTE MANAGEMENT	10,000	162,506.96			10,000	162,506.96
731	0	3	2010	10	13	WATERS CORP	5,000	355,229.13			5,000	355,229.13
731	0	3	2011	10	17	WATERS CORP	5,000	383,988.78			5,000	383,988.78
731	0	1	2010	4	20	WATSCO	5,000	306,014.09			5,000	306,014.09
731	0	2	2010	10	19	WEATHERFORD INT'L	5,000	97,405.56			5,000	97,405.56
731	0	1	2010	5	17	WELLS FARGO	5,000	54,576.32			5,000	54,576.32
731	0	4	2010	2	8	XEROX	10,000	84,750.00			10,000	84,750.00
731	0	1	2007	6	28	YUM BRANDS	27,800	555,471.42			27,800	555,471.42
TOTALS							1,906,787	64,572,300	(15,290)	58,406	1,891,497	64,630,706.25

CITY OF TROY MICHIGAN
 EMPLOYEE RETIREMENT SYSTEM
 PREFERRED STOCK
 ACCT# 1120.145
 July 31, 2012

FUND	TYPE	LOC	YR	PUR MO	PUR DAY	NAME	JULY 1, 2012 BALANCE		JULY		ENDING BALANCE	
							SHARES	BOOK VALUE	SHARES	BOOK VALUE	SHARES	BOOK VALUE
731	1	3	2009	6	17	DOMINION RESOURCES 8.375	-	-	-	-	-	-
731	1	3	2002	1	15	DTE ENERGY TRUST	-	-	-	-	-	-
731	1	3	2010	4	14	ENTERGY MISSISSIPPI	-	-	-	-	-	-
731	1	3	2009	5	19	ENTERGY TEXAS	-	-	-	-	-	-
731	1	1	2003	7	15	GENERAL MOTORS PFD 6.25	-	-	-	-	-	-
731	1	3	2002	2	8	GENERAL MOTORS PFD 7.25	-	-	-	-	-	-
731	1	1	2003	7	10	GENERAL MOTORS PFD ESCROW	20,000	496,763.00	20,000	-	20,000	496,763.00
731	1	3	2010	11	2	GOLDMAN SACHS 6.125% PFD	-	-	-	-	-	-
731	1	3	2012	4	2	HARTFORD FINL SVCS GRP	-	-	-	-	-	-
731	1	3	2012	2	29	HEALTH CARE REIT, INC. PFD 6.5%	5,000	125,000.00	5,000	-	5,000	125,000.00
731	1	3	2009	3	19	NEXTERA ENERGY CAP, 8.75%	-	-	-	-	-	-
731	1	3	2012	3	20	NEXTERA ENERGY CAP, 5.7%	-	-	-	-	-	-
731	1	3	2012	4	19	PNC FINANCIAL SVCS, 6.125%	5,000	125,000.00	5,000	-	5,000	125,000.00
731	1	3	2012	3	22	QWEST CORP, 7.0%	-	-	-	-	-	-
731	1	3	2012	2	29	RAYMOND JAMES FIN 6.9%	-	-	-	-	-	-
731	1	3	2012	4	29	U.S. BANCCORP 6.0%	5,000	125,000.00	5,000	-	5,000	125,000.00
TOTALS							35,000	871,763.00	-	-	35,000	871,763.00

LOC	LAST PUR DATE	MUTUAL NAME	Beginning as of July 1, 2012				LAST PRICE	JULY CASH	JULY REINVEST	TOTAL SHARES	TOTAL CASH	TOTAL INVESTED	TOTAL INVESTMENT	Market Value	April Invest	Reinvest	Total
			SHARES	INVESTED	INCOME	TOTAL											
1 11170		AMER FUNDS CAPITAL WORLD	19,794	670,980.25	33,156.56	704,136.81	35.32		19,794	670,980.25	33,156.56	704,136.81	686,048.41	670,980.25	25,068.16	696,048.41	E
4 12299		AMERICAN EURO PACIFIC GROWTH	72,510	1,636,689.04	1,261,065.55	2,897,754.59	38.42		72,510	1,636,689.04	1,261,065.55	2,897,754.59	1,636,689.04	1,636,689.04	1,261,065.55	1,375,623.59	E
111511		BLACKROCK ALL CAP GLOBAL	0	0.00	0.00	0.00	0.00		0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	E
3 12109		CLARBINOR ENERGY MLP	47,707	-13,344.82	13,344.82	0.00	22.07		47,707	-13,344.82	13,344.82	0.00	0.00	0.00	0.00	0.00	E
6 99011		COHEN & STEERS INT'L REIT	0	1,000,000.00	1,000,000.00	0.00	20.00		0	1,000,000.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00	1,000,000.00	E
4 07010		COLUMBIA LARGE CORE (AMERPRE)	99,925	1,999,900.00	1,999,900.00	0.00	9.14		99,925	1,999,900.00	1,999,900.00	0.00	1,999,900.00	1,999,900.00	0.00	1,999,900.00	E
6 99011		DENERUS PREMIER INTEN TERM FUND	283,197	1,999,900.00	1,999,900.00	0.00	5.58		283,197	1,999,900.00	1,999,900.00	0.00	1,999,900.00	1,999,900.00	0.00	1,999,900.00	E
104 001811		EATON VANGCER FLOTTING RATE FUND	159,882	1,999,900.00	1,999,900.00	0.00	13.35		159,882	1,999,900.00	1,999,900.00	0.00	1,999,900.00	1,999,900.00	0.00	1,999,900.00	E
6 12100		FIDELITY EQUITY INCOME	167,742	1,500,010.50	1,500,010.50	0.00	8.71		167,742	1,500,010.50	1,500,010.50	0.00	1,500,010.50	1,500,010.50	0.00	1,500,010.50	E
4 081399		ING - GLOBAL OPPORTUNITIES	5,275	399,994.76	399,994.76	0.00	48.36		5,275	399,994.76	399,994.76	0.00	399,994.76	399,994.76	0.00	399,994.76	E
4 01010		ING INTERNATIONAL VALUE	98,252	399,994.76	399,994.76	0.00	12.34		98,252	399,994.76	399,994.76	0.00	399,994.76	399,994.76	0.00	399,994.76	E
1 12199		ING INTERNATIONAL GROWTH FUND	106,769	399,994.76	399,994.76	0.00	12.46		106,769	399,994.76	399,994.76	0.00	399,994.76	399,994.76	0.00	399,994.76	E
4 12199		JENNISON NATURAL RESOURCES	25,469	761,278.69	761,278.69	0.00	27.51		25,469	761,278.69	761,278.69	0.00	761,278.69	761,278.69	0.00	761,278.69	E
4 12199		JOHN HARRIS INT'L COME FUND	25,998	1,000,000.00	1,000,000.00	0.00	44.02		25,998	1,000,000.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00	1,000,000.00	E
1 011811		LAURENCE HARRIS INT'L COME FUND	55,989	1,724,944.88	1,724,944.88	0.00	27.05		55,989	1,724,944.88	1,724,944.88	0.00	1,724,944.88	1,724,944.88	0.00	1,724,944.88	E
4 12199		LAURENCE HARRIS INT'L COME FUND	341,652	3,000,010.50	3,000,010.50	0.00	14.66		341,652	3,000,010.50	3,000,010.50	0.00	3,000,010.50	3,000,010.50	0.00	3,000,010.50	E
2 09210		MAJESTAT CONVERTIBLE	323,026	1,000,000.00	1,000,000.00	0.00	10.33		323,026	1,000,000.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00	1,000,000.00	E
1 011811		MFS DIVERSIFIED INCOME FUND	99,845	1,000,000.00	1,000,000.00	0.00	10.85		99,845	1,000,000.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00	1,000,000.00	E
1 10110		PIMCO TOTAL RETURN	200,526	1,000,000.00	1,000,000.00	0.00	11.34		200,526	1,000,000.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00	1,000,000.00	E
1 011211		PIMCO UNCONSTRAINED BOND FUND	184,600	2,000,000.00	2,000,000.00	0.00	18.34		184,600	2,000,000.00	2,000,000.00	0.00	2,000,000.00	2,000,000.00	0.00	2,000,000.00	E
4 122409		PJTMAN - INTERNATIONAL	123,944	2,000,000.00	2,000,000.00	0.00	16.34		123,944	2,000,000.00	2,000,000.00	0.00	2,000,000.00	2,000,000.00	0.00	2,000,000.00	E
4 099210		RE LARGE CAP ALPHA FUND	44,338	726,761.74	726,761.74	0.00	16.34		44,338	726,761.74	726,761.74	0.00	726,761.74	726,761.74	0.00	726,761.74	E
6 121610		RE LARGE CAP ALPHA FUND	5,890	35,000.00	35,000.00	0.00	41.87		5,890	35,000.00	35,000.00	0.00	35,000.00	35,000.00	0.00	35,000.00	E
1 021505		SELINWAY COMM & INF A	57,895	1,602,223.43	1,602,223.43	0.00	27.44		57,895	1,602,223.43	1,602,223.43	0.00	1,602,223.43	1,602,223.43	0.00	1,602,223.43	E
6 122910		SEMPLETON FOREIGN FUND	9,602	40,000.00	40,000.00	0.00	31.01		9,602	40,000.00	40,000.00	0.00	40,000.00	40,000.00	0.00	40,000.00	E
4 122209		TEMPLETON FOREIGN FUND	392,289	1,123,977.00	1,123,977.00	0.00	6.37		392,289	1,123,977.00	1,123,977.00	0.00	1,123,977.00	1,123,977.00	0.00	1,123,977.00	E
1 111710		THORNBURG INTL	37,085	1,000,000.00	1,000,000.00	0.00	27.45		37,085	1,000,000.00	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00	1,000,000.00	E
6 120910		VANGUARD (VANGUARD & NEED)	25,721	30,000.00	30,000.00	0.00	8.05		25,721	30,000.00	30,000.00	0.00	30,000.00	30,000.00	0.00	30,000.00	E
4 061410		WELLS FARGO ADVANTAGE	17,866	105,532.68	105,532.68	0.00	26.50		17,866	105,532.68	105,532.68	0.00	105,532.68	105,532.68	0.00	105,532.68	E

LOC	LAST PUR DATE	MUTUAL NAME	SHARES	INVESTED	INCOME	TOTAL	PRICE	JULY CASH	JULY REINVEST	TOTAL SHARES	TOTAL CASH	TOTAL INVESTED	TOTAL INVESTMENT	Market Value	April Invest	Reinvest	Total
34,899,898	27,252,432.15	12,563,986.56	39,841,071.74	5,082.11	0.00	54,888.30	3,044,930	27,252,432.15	12,563,986.56	39,841,071.74	5,082.11	0.00	54,888.30	3,044,930	27,252,432.15	12,563,986.56	39,841,071.74

Category	Value
Equity	25,246,502.09
Bond Income	11,407,880.11
Other	1,207,238.97
Commodities	1,022,416.87
	1,013,928.56
	30,877,288.67
	21,989,653.29
	11,691,786.81
	2,271,987.81
	1,013,928.56
	30,877,288.67
	21,989,653.29
	11,691,786.81
	2,271,987.81
	1,013,928.56
	30,877,288.67

CITY OF TROY MICHIGAN
 EMPLOYEE RETIREMENT SYSTEM
 CORPORATE BONDS
 ACCT# 1120.110
 July 31, 2012

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	PAR VALUE	NAME	RATE	MAT YR	MAT MO	MAT DAY	BOOK VALUE	JULY	TOTAL
731	0	1	2003	12	18	500,000	AMERICAN GEN FIN CORP	4.625%	2012	12	15	500,000.00		500,000.00
731	0	1	2002	11	21	297,000	AMERICAN TEL & TEL	9.455%	2022	11	15	293,625.00		293,625.00
731	0	1	2008	7	14	500,000	ANHEUSER BUSCH	4.700%	2012	4	15	0.00		0.00
731	0	2	2007	6	18	500,000	ANHEUSER BUSCH	4.700%	2012	4	15	0.00		0.00
731	0	1	1992	5	14	600,000	ATLANTIC RICHFIELD	8.250%	2022	2	1	587,250.00		587,250.00
731	0	1	2010	4	29	120,000	BANK OF AMER INTERNOTES	4.000%	2015	4	15	120,000.00		120,000.00
731	0	1	2010	4	29	380,000	BANK OF AMER INTERNOTES	4.000%	2015	4	15	380,000.00		380,000.00
731	0	1	2010	2	19	1,000,000	BANK OF AMER INTERNOTES	4.900%	2017	2	15	1,000,000.00		1,000,000.00
731	0	2	2008	12	15	450,000	BELLSOUTH CORP.	5.200%	2014	9	15	417,024.00		417,024.00
731	0	1	2009	12	10	71,216	CIT GROUP	7.000%	2013	5	1	0.00		0.00
731	0	1	2009	12	10	52,852	CIT GROUP	7.000%	2014	5	1	0.00		0.00
731	0	1	2009	12	10	106,824	CIT GROUP	7.000%	2014	5	1	0.00		0.00
731	0	1	2009	12	10	52,852	CIT GROUP	7.000%	2015	5	1	0.00		0.00
731	0	1	2009	12	10	106,824	CIT GROUP	7.000%	2015	5	1	0.00		0.00
731	0	2	2009	12	10	88,086	CIT GROUP	7.000%	2016	5	1	0.00		0.00
731	0	1	2009	12	10	178,041	CIT GROUP	7.000%	2016	5	1	0.00		0.00
731	0	1	2009	12	10	123,321	CIT GROUP	7.000%	2017	5	1	0.00		0.00
731	0	1	2009	12	10	249,257	CIT GROUP	7.000%	2017	5	1	0.00		0.00
731	0	2	2009	12	10	53,114	CIT GROUP	7.000%	2014	5	1	0.00		0.00
731	0	2	2009	12	10	53,114	CIT GROUP	7.000%	2015	5	1	0.00		0.00
731	0	2	2009	12	10	88,523	CIT GROUP	7.000%	2016	5	1	0.00		0.00
731	0	2	2009	12	10	123,933	CIT GROUP	7.000%	2017	5	1	0.00		0.00
731	0	2	1986	3	20	300,000	COMPREHENSIVE CARE	7.500%	2010	4	15	117,000.00		117,000.00
731	0	3	2009	6	17	10,000	DOMINION RESOURCES INC SER A	8.375%	2064	6	15	250,000.00		250,000.00
731	0	2	2008	8	21	500,000	DOW CHEMICAL	5.600%	2013	8	15	0.00		0.00
731	0	3	2010	4	14	10,000	ENTERGY MISSISSIPPI	6.200%	2040	4	15	250,000.00		250,000.00
731	0	3	2009	5	14	10,000	ENTERGY TEXAS	7.875%	2039	6	1	250,000.00		250,000.00
731	0	1	1991	5	30	200,000	FORD HOLDINGS	9.375%	2020	3	1	195,375.00		195,375.00
731	0	1	2008	5	22	500,000	GE CAPITAL INTERNOTES	4.150%	2012	5	15	0.00		0.00
731	0	2	2007	6	18	500,000	GENWORTH FINL	5.650%	2012	6	15	0.00		0.00
731	0	1	1998	10	20	500,000	GMAC	0.000%	2012	12	1	205,000.00		205,000.00
731	0	1	2003	4	15	500,000	GMAC	6.750%	2013	4	15	500,000.00		500,000.00
731	0	2	2008	5	20	500,000	GOLDMAN SACHS	4.750%	2013	7	15	496,724.08		496,724.08
731	0	3	2010	10	26	10,000	GOLDMAN SACHS	6.125%	2060	11	1	250,000.00		250,000.00
731	0	1	2007	6	21	500,000	HARTFORD LIFE	5.400%	2012	6	15	0.00		0.00
731	0	3	2012	4	2	5,000	HARTFORD FINL SVCS GRP	7.875%	2042	4	15	125,000.00		125,000.00
731	0	2	1989	6	30	100,000	HECHINGER	5.500%	2012	4	1	0.00		0.00
731	0	2	2008	8	21	500,000	HOME DEPOT	5.250%	2013	12	16	483,400.00		483,400.00
731	0	2	2008	8	21	250,000	INTERNATIONAL PAPER	5.500%	2014	1	15	240,377.50		240,377.50

FUND	TYPE	LOC	PUR YR	PUR MO	PUR DAY	PAR VALUE	NAME	RATE	MAT YR	MAT MO	MAT DAY	July 1, 2012 BOOK VALUE	JULY	TOTAL	
731	0	1	2008	7	14	500,000	KRAFT FOODS	6.250%	2012	6	1	0.00		0.00	
731	0	1	2005	2	14	500,000	MERRILL LYNCH NOTES	4.300%	2012	2	14	0.00		0.00	
731	0	3	2009	3	19	10,000	NEXTERA ENERGY CAPITAL	8.750%	2069	3	1	250,000.00		250,000.00	
731	0	3	2012	3	20	10,000	NEXTERA ENERGY CAPITAL	5.700%	2072	3	1	250,000.00		250,000.00	
731	0	1	2005	11	17	500,000	PRUDENTIAL FINANCE NOTES	6.700%	2015	11	10	500,000.00		500,000.00	
731	0	3	2012	3	22	7,500	QWEST CORP	7.000%	2052	4	1	187,500.00		187,500.00	
731	0	3	2012	2	12	30,000	RAYMOND JAMES	6.900%	2042	3	15	30,000.00		30,000.00	
731	0	1	2010	6	15	500,000	ROYAL BANK OF SCOTLAND	4.875%	2015	3	16	494,005.25		494,005.25	
731	0	1	1992	1	16	200,000	TENNESSEE GAS PIPELINE	6.000%	2011	12	15	0.00		0.00	
731	0	1	2008	7	14	500,000	VERIZON NEW JERSEY	5.875%	2012	1	17	0.00		0.00	
731	0	2	2005	7	19	500,000	WASHINGTON MUTUAL	4.000%	2009	1	15	494,381.00		494,381.00	
731	0	2	2007	10	15	1,000,000	WASHINGTON MUTUAL	4.200%	2010	1	15	969,100.00		969,100.00	
731	0	2	2008	12	15	500,000	WESTERN UNION	5.400%	2011	11	17	0.00		0.00	
731	0	1	1996	2	21	300,000	YORK, PA	0.000%	2012	2	1	0.00		0.00	
												15,647,457	9,835,761.83	-	9,835,761.83

TOTALS

CITY OF TROY MICHIGAN
 EMPLOYEE RETIREMENT SYSTEM
 GOVERNMENTAL SECURITIES
 ACCT# 1120.125
 July 31, 2012

FUND	TYPE	LOC	NAME	TYPE	Beginning as of July 1, 2012									
					TOTAL INVESTED	BUY	JULY SELL	ROP	TOTAL BUYS	TOTAL SALES	TOTAL ROP	TOTAL INVESTMENT		
731	0	1	UBS-Grant	Federal Municipal	1,189,768.31	229,994.16				229,994.16				1,419,762.47
731	0	3	Morgan Stanley	Federal	7,866,467.81			(218,607.19)						7,647,860.62
731	0	3	Morgan Stanley	Municipal	1,626,797.09		(210,000.00)	(3,372.66)			(210,000.00)		(3,372.66)	1,413,424.43
TOTAL					10,683,033.21	229,994.16	(210,000.00)	(221,979.85)	229,994.16	(210,000.00)	(221,979.85)	10,481,047.52		

317,235.28

Location	Broker
1	Grant - UBS
2	Fidelity
3	Morgan Stanley
4	Jones - UBS
6	City of Troy
7	Wells Fargo
8	Grant - UBS-NAIC

317235.3

City of Troy

**September 2012
Recommendations**

Recommendation – Sell Visa Stock (held in City of Troy regular pension portfolio and NAIC account).

Research included – UBS recommends a "Sell" of this position. If the stock is sold, open option positions would need to be closed.

**John Grant & Rebecca Sorensen
Sr. Vice Presidents - Investments
UBS Financial Services
248-645-4945**

UBS Investment Research

Visa Inc.

3Q beats, but early slowdown signs emerge

■ Estimates up on 3Q beat, but overall thesis intact

Our FY12E EPS moves to \$6.15 (+\$0.13), FY13E is \$7.14 (+\$0.14), and FY14E is \$8.24 (+\$0.19). Our PT remains \$113 (~8% downside risk). As V shifts from a top-line-driven to an operating leverage-driven story, we do not believe investors will pay a super-premium multiple (i.e. 20x or higher) for the stock in the near-term.

■ Benign macro commentary + unclear backdrop = trim exposure

V called the environment tepid but stopped short of acknowledging clear signs of a slowdown (though they did not dismiss it), and the few intra-quarter data points provided were flat to weak. Given that, plus macro/industry data points (including V's YoY spending comps) that show growth is slowing, we believe investors should trim exposure. Recall, in the '08-09 recession, slowing volume/transaction growth took a full quarter to translate into visible revenue weakness.

■ Model flexes nicely, but rebates show balance of power shift

While operating leverage was key to the earnings beat (as expected from this model in this environment), a large spike in rebates related to the recent FANF pricing increase surprised (mgmt. said rebates would run higher in 2H12 than 1H12, but we expected a smaller increase. This drag, coupled with guidance for a "modest" YoY increase from 2012 levels (17-18%), supports our view that (for now), the balance of power has shifted towards merchants—a negative for V/MA.

■ Valuation

Our \$113 PT is derived via a five-stage methodology and implies a CY12E P/E of 17.6x and CY12E EV/EBITDA of 10.2x, vs. the group averages of 15.7x/7.8x.

Highlights (US\$m)	09/10	09/11	09/12E	09/13E	09/14E
Revenues	8,065	9,188	10,367	11,579	12,927
EBIT (UBS)	4,589	5,456	2,108	7,159	8,186
Net Income (UBS)	2,966	3,529	1,483	4,776	5,461
EPS (UBS, US\$)	4.01	4.99	2.18	7.14	8.24
Net DPS (UBS, US\$)	0.50	0.60	0.88	0.88	0.88
Profitability & Valuation	5-yr hist av.	09/11	09/12E	09/13E	09/14E
EBIT margin %	49.4	59.4	20.3	61.8	63.3
ROIC (EBIT) %	-	22.6	10.0	32.7	31.4
EV/EBITDA (core) x	-	9.5	30.9	9.9	8.5
PE (UBS) x	-	15.7	55.9	17.1	14.8
Net dividend yield %	-	0.8	0.7	0.7	0.7

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement.

Valuations: based on an average share price that year, (E): based on a share price of US\$122.20 on 25 Jul 2012 19:38 EDT

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Global Equity Research

Americas

Diversified Technology Services

12-month rating **Sell**
Unchanged

12m price target **US\$113.00**
Unchanged

Price **US\$122.20**

RIC: V.N BBG: V US

26 July 2012

Trading data

52-wk range	US\$128.23-79.24
Market cap.	US\$82.6bn
Shares o/s	676m (COM)
Free float	100%
Avg. daily volume ('000)	907
Avg. daily value (m)	US\$109.1

Balance sheet data 09/12E

Shareholders' equity	US\$28.0bn
P/BV (UBS)	3.0x
Net Cash (debt)	US\$7.28bn

Forecast returns

Forecast price appreciation	-7.5%
Forecast dividend yield	0.7%
Forecast stock return	-6.8%
Market return assumption	5.2%
Forecast excess return	-12.0%

EPS (UBS, US\$)

	09/12E			09/11
	From	To	Cons.	Actual
Q1	1.49	1.49	1.49	1.23
Q2	1.91	1.91	1.60	1.23
Q3E	1.43	(2.74)	1.45	1.26
Q4E	1.49	1.49	1.50	1.27
09/12E	6.33	2.18	6.06	
09/13E	7.00	7.14	7.09	

Performance (US\$)



Source: UBS

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Table 1: V 3QFY12 actuals vs UBS estimates

	Actual 3Q12 Jun	Estimate 3Q12 Jun-E	Variance
FY ending September (\$ in millions, except per share data)			
Revenues			
Service fees	1,216	1,142	6.5%
Data processing fees	1,040	902	15.3%
International transaction fees	748	775	-3.4%
Other revenues	175	192	-8.9%
Gross revenue	3,179	3,011	5.6%
LESS: Volume and support incentives	(614)	(527)	16.5%
Net revenue	2,565	2,484	3.3%
year-over-year growth	10.5%	7.0%	
Revenue Yield (Net rev as a % of Payment Vol; V method)	0.262%	0.250%	1 bp
Expenses			
Personnel	435	427	1.8%
Network, EDP and communications	102	103	-1.1%
Advertising, marketing and promotion	242	266	-8.9%
Professional and consulting	99	82	20.8%
Administrative and other	112	109	2.5%
Depreciation and amortization	84	79	5.7%
Total operating expenses	1,074	1,067	0.7%
EPS - adjusted, diluted (ex-items)	\$1.56	\$1.43	\$0.13
year-over-year growth	24.5%	14.2%	
Fully diluted shares	675.0	674.3	
Volume and support incentives	(614)	(527)	
yoy % change	37.1%	17.6%	
% of gross revenue	19.3%	17.5%	181 bp
yoy change in % of gross revenue (bps)	314	133	

GDV by Region			
Payment Volume (in \$billions)			
U.S.	\$512	\$518	-1.2%
yoy grow th (USD)	-1.1%	0.0%	
yoy grow th (local/constant currency)	-1.1%	0.0%	
Asia Pacific	\$277	\$282	-1.7%
yoy grow th (USD)	11.4%	13.6%	
yoy grow th (local/constant currency)	12.9%	14.0%	
Latin America	\$88	\$90	-2.2%
yoy grow th (USD)	3.0%	5.9%	
yoy grow th (local/constant currency)	19.8%	25.0%	
Canada	\$57	\$57	-0.4%
yoy grow th (USD)	3.7%	4.1%	
yoy grow th (local/constant currency)	8.3%	9.0%	
CEMEA	\$45	\$47	-4.1%
yoy grow th (USD)	29.8%	34.1%	
yoy grow th (local/constant currency)	40.7%	42.0%	
Total Payment Volume	\$979	\$994	-1.5%
yoy grow th (USD)	4.0%	5.6%	
yoy grow th (local/constant currency)	6.3%	8.7%	

Cross-border volume growth	10.0%	17.0%	-7.0%
Processed Transactions			
Processed Transactions (in millions)	13,113	13,077	0.3%
year-over-year growth	0.6%	0.3%	
as a % of Total Transactions	80.2%	63.8%	
year-over-year change in % of txns processed (bps)	1,302	(342)	

Source: Company data, UBS estimates

Table 2: V estimate changes FY12-FY14

EPS Changes			
	New	Old	% change
3Q12	1.56	1.43	9.0%
4Q12	1.49	1.49	-0.3%
FY12	6.15	6.02	2.1%
1Q13	1.78	1.74	2.5%
2Q13	1.77	1.74	1.8%
3Q13	1.76	1.70	3.6%
4Q13	1.82	1.82	0.0%
FY13	7.14	7.00	1.9%
FY14	8.24	8.05	2.4%
Target Multiple Changes			
	New	Old	% change
FY12 P/E	18.4x	18.8x	-2.0%
FY13 P/E	15.8x	16.1x	-1.9%
FY14 P/E	13.7x	14.0x	-2.3%
FY12 EV/EBITDA	11.0x	11.2x	-1.5%
FY13 EV/EBITDA	9.6x	9.8x	-2.0%
FY14 EV/EBITDA	8.4x	8.6x	-2.4%
EBITDA			
	New	Old	% change
FY12	6535.49	6435.76	1.5%
FY13	7529.71	7377.96	2.1%
FY14	8586.51	8378.95	2.5%

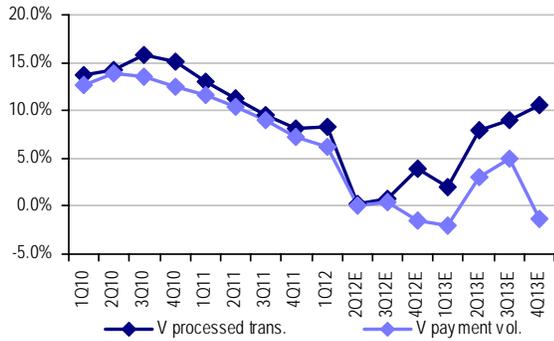
Source: UBS estimates

*EPS estimates are adjusted ex-items (non-GAAP). 3Q12 GAAP EPS was (\$2.74) when including an after-tax litigation provision adjustment of \$2.89bn to net income. This brought our FY12E GAAP estimate to \$2.18 (down from our old estimate of \$6.33).

Model inputs slowing down a bit

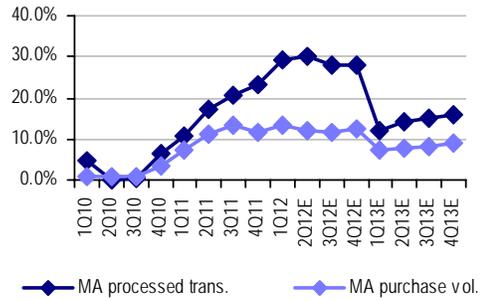
Recall that the V/MA models are driven by (1) consumer credit and debit card sales (which essentially roll up all retail sales less cash/check sales), (2) a secular growth multiplier (smaller domestically, larger internationally) that reflects additional penetration of electronic payments, and (3) pricing increases/decreases. Given those inputs, and considering that the overall global macro and consumer spending backdrops have shown early signs of slowing down, we believe that a slowdown in key model inputs has begun—and will continue over the next 3-6 months. That said, we think that both V and MA will be able to partially offset that headwind via additional expense leverage—which should provide some support for the stocks.

Chart 1: V processed volume and transaction growth



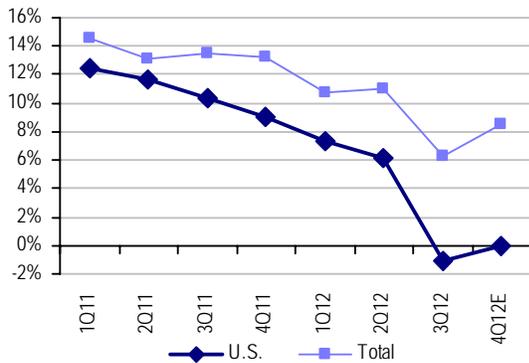
Source: Company reports, UBS

Chart 2: MA processed volume and transaction growth



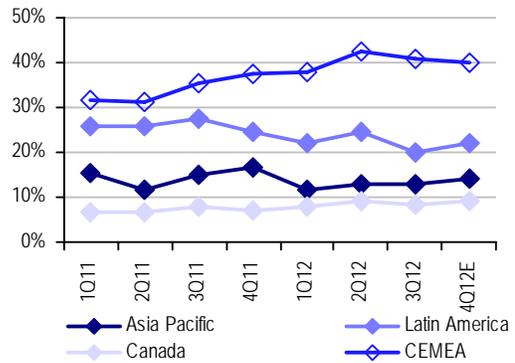
Source: Company reports, UBS

Chart 3: V payment volume: US and total



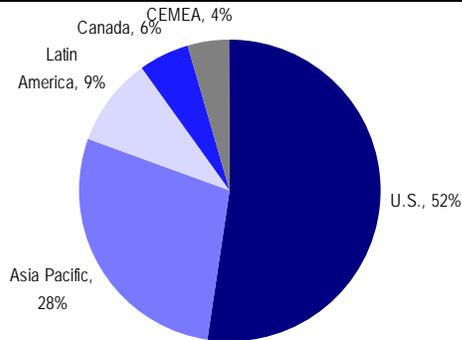
Source: Company reports, UBS

Chart 4: V payment volume: Asia, L. America, Canada, CEMEA



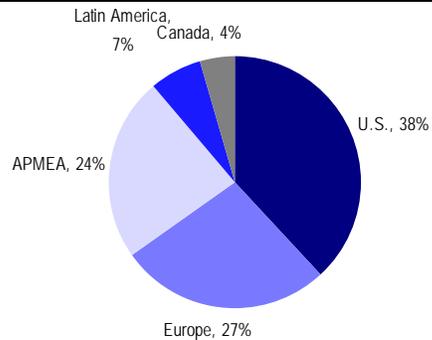
Source: Company reports, UBS

Chart 5: V geographic card volume mix, FY12E



Source: Company reports, UBS

Chart 6: MA geographic card volume mix, FY12E

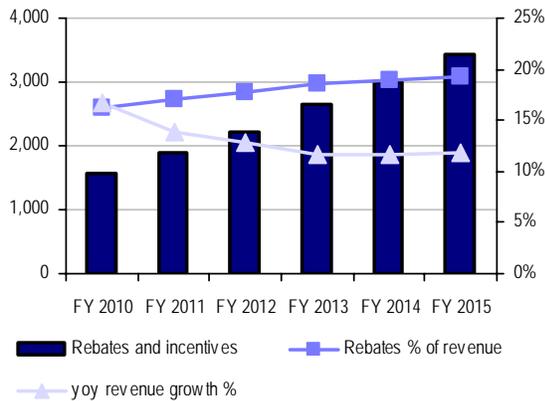


Source: Company reports, UBS

Subtle shifts in the balance of power

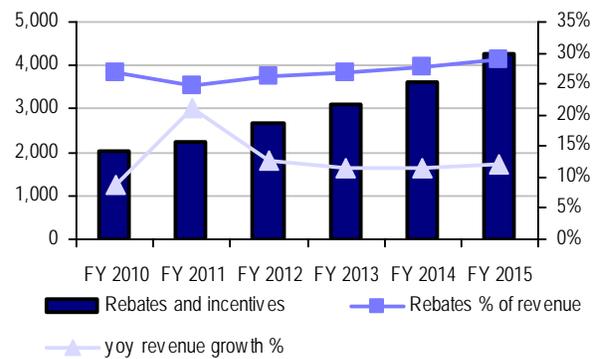
Both V and MA have signaled to investors that rebates and incentives as a percentage of revenues will continue to move up over time, and while gross pricing (i.e. “rack rates”) has stayed relatively flat to slightly up, we expect that underlying net pricing could see some pressure over the next few years as competition picks up and the networks shift focus in an effort to keep both banks and merchants (rather than just banks) happy. Indeed, this shift has started to play out over the last few years as the networks have moved closer to the merchants via acquisitions (V’s CyberSource and MA’s Datacash deals) as well as changes in business practices (V’s FANF/merchant rebates).

Chart 7: V rebates and incentives as a % of gross revenues



Source: FactSet, UBS

Chart 8: MA rebates as a % of gross revenues



Source: FactSet, UBS

■ Visa Inc.

Visa, a worldwide payments leader, acts as a central party to connect and securely facilitate billions of annual payment transactions involving millions of consumers and merchants and thousands of financial institutions. Visa's centralized system provides technology to authorize these payments in real time and accurately settle and reconcile transactions. Visa establishes and enforces processing rules and standards for its members, sets participation fees and criteria, and ensures that cardholders are adequately protected.

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UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	55%	33%
Neutral	Hold/Neutral	37%	31%
Sell	Sell	8%	16%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	0%
Sell	Sell	less than 1%	0%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 June 2012.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

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UBS Securities LLC: John T. Williams; Neil Fonseca, CFA.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Visa Inc. ^{6a, 6b, 6c, 7, 16}	V.N	Sell	N/A	US\$122.20	25 Jul 2012

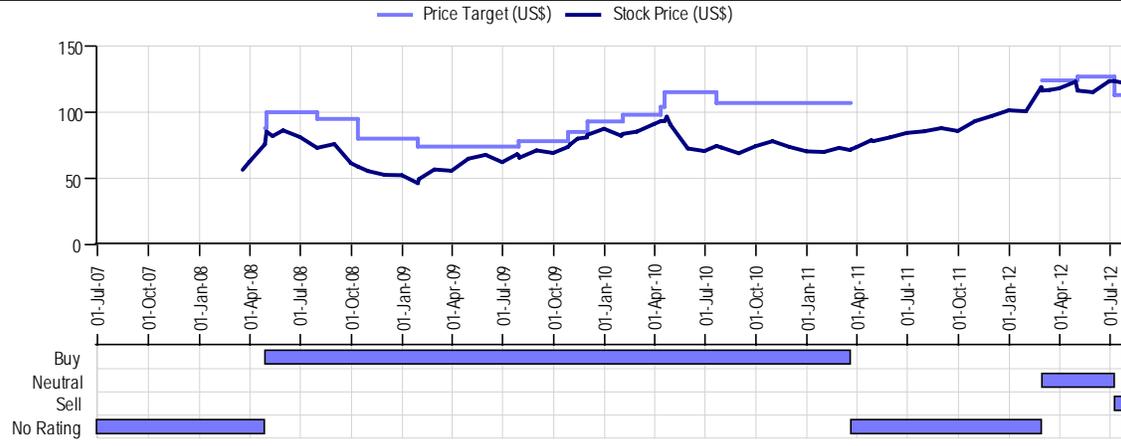
Source: UBS. All prices as of local market close.

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Visa Inc. (US\$)



Source: UBS; as of 25 Jul 2012

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U.S. Top 25 Stock List

September Update

- We maintain our view that one of the most attractive opportunities in the equity markets is the low valuation of cyclical stocks relative to defensives. We continue to tilt our list towards select opportunities in economically-sensitive market segments.
- The UBS WMR US Top 25 Stock List rose 3.3% (total return) in August while the S&P 500 rose 2.2%. Complete performance history is included in Fig. 1.
- Barrick Gold (+18%), Humana (+14%), and MetLife (+11%) were the top performers in August. Potash of Saskatchewan (-7%), Coca-Cola (-7%) and Intel (-3%) were the weakest performers.
- No changes are being made to our list as of this report.

Cyclicals still look compelling

We have pointed out in recent reports that cyclical sectors are the cheapest they have been relative to defensives in almost 20 years and appear to be pricing in an imminent earnings recession. While earnings growth is slowing, there are early signs that US economic momentum is re-accelerating modestly (housing continues to recover, labor market indicators point to slow but positive growth, and early readings on “back to school” sales look solid). Meanwhile, odds are rising that both the Fed and European Central Bank (ECB) will undertake further measures to support economic growth. As a result, we expect moderate, but positive earnings growth over the next 12-18 months and recently further shifted our sector preferences in favor of cyclicals over “expensive defensives” (see Investment Strategy Guide: *Back to Work*, 23 August 2012).

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Fig. 1: Performance of Top 25 Stock List

Since inception on 18 January 2006

Period	Top 25	S&P 500	Relative Performance
2006*	15.8%	12.4%	3.4%
2007	20.7%	5.5%	15.2%
2008	-39.8%	-37.0%	-2.8%
2009	29.5%	26.5%	3.0%
2010	9.7%	15.1%	-5.4%
2011	-5.0%	2.1%	-7.2%
2012 YTD	8.4%	13.4%	-5.1%
August 2012	3.3%	2.2%	1.2%
Since inception (1/18/06)	22.7%	25.9%	-3.2%

* 2006 data include the total return from the list's inception on 18 Jan. 2006.

Source: DataStream, UBS WMR, as of 31 August 2012

Fig. 2: UBS WMR U.S. Top 25 Stock List

American Tower (AMT)	Coca-Cola (KO)	Devon Energy (DVN)	Humana (HUM)	Potash of Saskatchewan (POT)
Applied Materials (AMAT)	Colgate-Palmolive (CL)	Express Scripts (ESRX)	Intel (INTC)	SanDisk (SNDK)
Barrick Gold (ABX)	Comcast (CMCSA)	Google (GOOG)	Mead Johnson (MJN)	Schlumberger (SLB)
Calpine (CPN)	CSX (CSX)	Halliburton (HAL)	MetLife (MET)	Starwood Hotels (HOT)
Citigroup (C)	Cypress Semiconductor (CY)	Home Depot (HD)	Occidental Petroleum (OXY)	United Technologies (UTX)

Stocks which are only covered by UBS Investment Research (IR) are annotated as such with a “+” sign. These stocks have a 12-month rated Buy or Neutral recommendation. UBS IR is part of UBS Investment Bank (the UBS business group that includes, among others, UBS Securities LLC).

This report has been prepared by UBS Financial Services Inc. (“UBS FS”). ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 11. UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

U.S. Top 25 Stock List

What is working on our list

Barrick Gold (+18%), Humana (+14%), and MetLife (+11%) were the top performers in August. Barrick shares rallied on the heels of higher gold prices due to expectations for further central bank policy easing both in the US and Europe (Fig. 3). The stock also benefitted after the company announced it was considering selling its African operations to a Chinese miner, a move that would raise roughly USD 2 billion. Humana shares bounced back in August as investors became more comfortable that the company's earnings guidance reduction in July is a short term pricing issue and the company remains well-positioned to benefit from growth in Medicare Advantage over the longer term. Low valuation likely also contributed to the bounce. MetLife reported a positive EPS surprise reflecting solid variable investment income and strong domestic insurance results. The company also announced that it is closer to gaining regulatory approval to complete the sale of its bank subsidiary which should pave the way for MET to return capital to shareholders via share repurchases and dividend increases.

What is not

Potash of Saskatchewan (-7%), Coca-Cola (-7%) and Intel (-3%) were the weakest performers. Potash shares suffered after the company announced the shutdown of its Lanigan (Saskatchewan) potash mine for four weeks in September and October, a move that investors fear is due to sluggish demand. However, with grain prices elevated and farmer income intact despite the drought (due to insurance proceeds), we expect potash demand to pick up, especially as we move into the planting season in the southern hemisphere. Weakness in Coca-Cola shares was likely due to a rotation into more cyclical areas of the market. The Consumer Staples sector underperformed the S&P 500 by over 250 basis points during the month. Intel suffered on datapoints that suggest continuing sluggishness in the PCs, a result of macro challenges and a pause during the run-up to the Windows 8 launch. Weak results from Dell and Hewlett Packard did not help but Asian manufacturers reported solid growth. However, with the upcoming launch of Windows 8 approaching, consumers are likely delaying purchases until the new operating system is released. This should unleash pent up demand for PCs in the fourth quarter.

Fig. 3: Odds of additional Fed action are supportive for gold prices and Barrick shares
Gold price (in US dollars) and Federal Reserve assets, in trillions of US dollars



Source: Bloomberg, UBS WMR, as of 31 August 2012

Top 25 News and Views

Home Depot (Consumer Discretionary)

Home Depot issued upbeat results in which it pointed to signs of improvement in key areas of housing. The company beat consensus expectations on the back of 17% EPS growth driven by a 2.1% increase in same store sales. The company raised guidance, citing its performance in 1H12 as the driver, along with the increased potential for a more pronounced housing rebound during the second half of the year. HD expects its operating expenses to grow at only 10% the rate of sales growth, which should lead to further margin expansion. Even as sales still gradually work their way back to pre-crisis levels, management has demonstrated its ability to generate strong operating leverage through expense management and other methods. HD noted that among its best performing regions were those hit hardest by the housing downturn, including Florida and California (Fig. 4). Home Depot remains well positioned in light of the ongoing housing market rebound. With margins still below pre-crisis levels we see scope for further improvements.

MetLife (Financials)

MetLife announced earnings on 2 August that beat consensus expectations due to strong variable investment income and domestic insurance results. MET's 11.5% year-to-date ROE was of particular note relative to other life insurers, given the fact that the company has not been able to repurchase stock. MetLife should complete the sale of its bank subsidiary in early 3Q, which will lead to less regulatory oversight and pave the way for the company to return cash to shareholders via share repurchases and a possible dividend increase. Valuation remains compelling (Fig. 5).

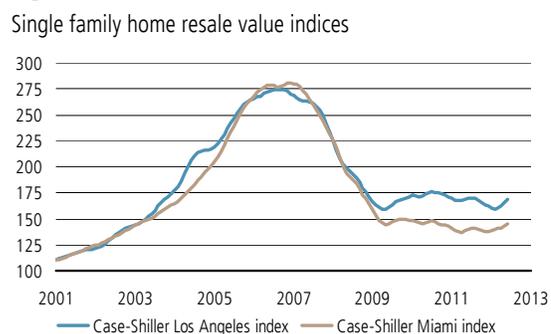
Express Scripts (Healthcare)

On 8 August ESRX reported strong 2Q results and gave an upbeat outlook. This was the first result that included the recently completed merger with Medco. Earnings beat consensus estimates, and EBITDA per adjusted claim came in significantly ahead of expectations. More importantly, management pointed out that the positive results were largely driven by multi-source mail generics, not synergies from the merger, which may indicate that ESRX is entering the "sweet spot" of the generic drug cycle. The company raised full year earnings guidance by 5%. With synergies from the Medco acquisition still to come and a nice tailwind from generics, ESRX shares should be well-positioned.

Applied Materials (Technology)

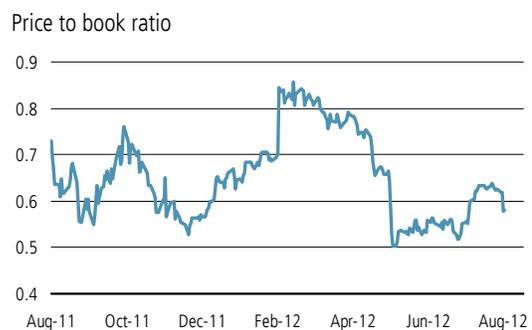
After pre-announcing at a conference last month, AMAT reported full results on 15 August, which were in line with the pre-announcement. While the company guided to lower than expected results in the upcoming quarter, management

Fig. 4: Hard-hit housing markets are showing signs of life



Source: Source: Bloomberg, S&P/Case-Shiller, UBS WMR, as of 31 August 2012

Fig. 5: MET trades at a sizeable discount to book value



Source: FactSet, UBS WMR, as of 31 August 2012

U.S. Top 25 Stock List

strongly suggested it was looking into a significant restructuring program that would lead to cost reductions and the shedding of underperforming assets. Successful implementation of this program could boost shares by 15%. Furthermore, the shares are trading at trough price to book valuation levels, suggesting that risk/reward is attractive, especially in light of the fact that we believe we are at or near the bottom of the semiconductor capital equipment cycle.

Google (Technology)

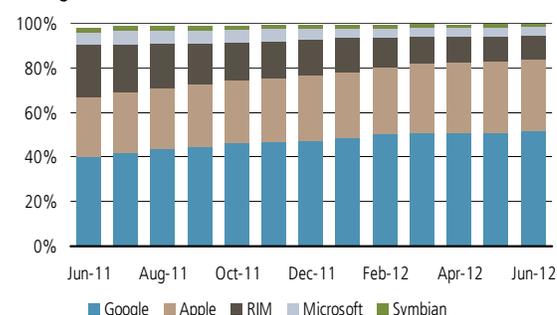
On 24 August, a jury found Samsung guilty of infringing on several of Apple's patents and awarded Apple damages of USD 1.05 billion. We view the verdict as a modest near term setback for Google's Android platform. This could delay the launch of new Android handsets in the short term as modifications are made to comply with the ruling. But Google owns enough intellectual property that the long term growth of the Android platform should not be substantially impacted (Fig. 6).

Calpine (Utilities)

On 21 August, the U.S. Court of Appeals for the D.C. Circuit vacated the Environmental Protection Agency's (EPA) Cross State Air Pollution Rule (CSAPR). The court's actions were based primarily on the regulation's controversial federal implementation plan. Calpine's gas-fired power plants would have benefited from CSAPR-driven coal plant shutdowns. However, most investors already anticipated that CSAPR would not withstand court scrutiny and we view this setback as very minor. We don't expect any earnings estimate reductions as a result of the ruling. More importantly, the EPA's Mercury and Air Toxics Standard (MATS) will lead to a larger number of coal plant retirements and we expect this ruling to withstand legal challenges. Furthermore, Texas regulators are exploring changes to power market structure that would lead to electricity price increases and could drive a 20% increase in Calpine EBITDA over the next few years.

Fig. 6: Google's Android platform continues to gain market share

Share of U.S. smartphone subscribers ages 13+, 3-month average, in %



Source: comScore MobiLens, UBS WMR, as of 1 August 2012

U.S. Top 25 Stock List

UBS WMR U.S. Top 25 Stock List

Name	Ticker	Reason to Own
Consumer Discretionary		
Comcast	CMCSA	We view the cable stocks as fairly defensive and expect Comcast to return capital to shareholders via increased share buybacks and dividends as cash flow is strong and investment needs are relatively low.
Home Depot	HD	Recent housing market data signals greater stabilization and improvements in prices and activity. Home Depot should benefit from stronger top-line growth coupled with margin enhancing technology and operational upgrades.
Starwood Hotels	HOT	Starwood should benefit from improving lodging fundamentals—improving demand in business and high end consumer segments (the company's main focus) and limited new hotel supply additions.
Consumer Staples		
Coca Cola	KO	Innovation in its core products has helped rejuvenate sales growth. With more than 50% of sales derived outside the US, Coke should continue benefiting from exposure to emerging markets.
Colgate-Palmolive	CL	Derives 80% of sales outside North America and over 40% from higher-growth emerging markets. Earnings growth will accelerate in 2012, in contrast to most other companies.
Mead Johnson Nutrition	MJN	A global leader in infant nutrition offering strong emerging market (and little European) exposure.
Energy		
Devon	DVN	North American exploration & production company that is cheaper than peers. Potential favorable results from drilling program in newly acquired acreage could be a catalyst.
Halliburton	HAL	We expect oil prices to trend higher, supporting oil drilling activity. US natural gas drilling activity will likely stabilize as natural gas prices bottom and begin to move up over time.
Occidental Petroleum	OXY	Production growth has returned after disappointing during 2010 and 2011 H1. OXY's large positions in California and in the Permian Basin in Texas will be the company's greatest source of near-term production growth.
Schlumberger	SLB	We expect continued growth in oil drilling activity as excess oil supplies are whittled down. Earnings estimates are still well below trend run-rates and have scope for upside.
Financials		
American Tower	AMT	Increasing demand for wireless bandwidth (4G wireless buildouts) supports demand for cell tower capacity.
Citigroup	C	Valuation is very low at 0.5 times tangible book value considering its strong capital ratios, rising loan growth, and consumer banking franchise in emerging markets. An attractive risk-reward proposition for risk tolerant investors.
MetLife	MET	ALICO acquisition should boost profitability and valuation; deal significantly bolsters MET's international footprint. Trades below book value.
Health Care		
Express Scripts	ESRX	PBMs should benefit from increasing number of drugs "going generic." Recently completed merger with Medco should drive cost synergies, supporting earnings growth.
Humana	HUM	Aging demographics, high expected Medicare Advantage enrollment, and expanding Medicaid coverage to support strong top-line growth.
Industrials		
CSX	CSX	Rails are levered to a domestic economic recovery, but declining coal shipments and weak natural gas prices have weighed on CSX shares. Valuation is very attractive at a P/E of less than 11.5x consensus forward estimates.
United Technologies	UTX	Beneficiary of upcycle in the commercial aerospace industry (40% of profits after its Goodrich acquisition) driven by rising wealth in emerging economies and development of more fuel-efficient aircrafts.
Materials		
Barrick Gold	ABX	Largest gold mining company in the world. We expect expanding central bank balance sheets, heightened currency risks and negative real interest rates to support higher gold prices.
Potash Corp of Saskatchewan	POT	Strong emerging market demand, tight supplies, and high barriers to entry should support potash prices.
Technology		
Applied Materials	AMAT	Semiconductor capital spending cycle is bottoming. Risk/reward is favorable due to very low valuations.
Cypress Semiconductor	CY	Company's touchscreen technology benefiting from strong demand for smartphones and tablets. Leading edge PSoC product line that is taking share from legacy products.
Google	GOOG	Shift in advertising dollars to the web still lags the shift in eyeballs. Well positioned for mobile computing growth.
Intel	INTC	Intel's new tri-gate transistor manufacturing technology will be a "game changer" and will open the door for the company in the rapidly expanding mobile market and could drive a replacement cycle in PCs.
SanDisk	SNDK	NAND flash demand is increasing due to the strong advances in smartphone and tablet markets.
Utilities		
Calpine	CPN	Benefiting from growing power demand and retirement of coal-fired power plants.

U.S. Top 25 Stock List

UBS WMR U.S. Top 25 Financial Highlights and Performance

Name	Ticker	Date of addition	Industry / Sub Industry	12 month forward PE	Consensus 2012E EPS Growth	Consensus 2013E EPS Growth	Total Return August 2012	Total Return Since Addition
Consumer Discretionary								
Comcast	CMCSA	08/31/11	Cable & Satellite	15.9	22%	15%	3%	58%
Home Depot	HD	05/31/12	Home Improvement Retail	17.7	20%	13%	9%	19%
Starwood Hotels	HOT	05/19/11	Hotels Resorts & Cruise Lines	20.6	31%	7%	2%	-6%
Consumer Staples								
Coca Cola	KO	03/31/08	Soft Drinks	17.5	4%	9%	-7%	39%
Colgate-Palmolive	CL	06/01/07	Household Products	18.6	6%	9%	-1%	80%
Mead Johnson Nutrition	MJN	09/30/11	Packaged Foods & Meats	21.5	11%	13%	1%	9%
Energy								
Devon Energy	DVN	02/29/12	Oil & Gas Exploration & Production	13.2	-42%	38%	-2%	-21%
Halliburton	HAL	08/01/12	Oil & Gas Equipment & Services	9.4	-2%	10%	-1%	
Occidental Petroleum	OXY	04/30/12	Integrated Oil & Gas	11.4	-17%	9%	-2%	-8%
Schlumberger	SLB	04/30/10	Oil & Gas Equipment & Services	14.8	18%	19%	2%	5%
Financials								
American Tower	AMT	08/31/11	REITs	38.3	54%	34%	-3%	31%
Citigroup	C	05/31/12	Other Diversified Financial Services	6.9	8%	15%	10%	17%
MetLife	MET	11/30/10	Life & Health Insurance	6.2	5%	7%	11%	-11%
Health Care								
Express Scripts	ESRX	10/31/11	Health Care Services	14.7	22%	22%	8%	42%
Humana	HUM	04/29/11	Managed Health Care	9.1	-14%	8%	14%	-7%
Industrials								
CSX	CSX	03/07/12	Railroads	11.2	11%	12%	-1%	9%
United Technologies	UTX	05/31/12	Aerospace & Defense	13.1	-3%	19%	8%	12%
Materials								
Barrick Gold	ABX	12/16/11	Gold Mining	7.9	-11%	18%	18%	-12%
Potash Corp of Saskatchewan	POT	10/31/11	Fertilizers & Agricultural Chem	11.2	-3%	10%	-7%	-9%
Technology								
Applied Materials	AMAT	03/14/11	Semiconductor Equipment	14.1	-44%	15%	8%	-18%
Cypress Semiconductor	CY	02/29/12	Semiconductors	12.9	-48%	43%	9%	-34%
Google	GOOG	08/31/11	Internet Software & Services	14.5	18%	16%	8%	29%
Intel	INTC	05/13/11	Semiconductors	9.6	0%	6%	-3%	10%
SanDisk	SNDK	09/30/11	Computer Storage & Peripherals	15.8	-62%	73%	0%	6%
Utilities								
Calpine	CPN	07/13/12	Utilities	32.6	NM	222%	3%	2%
WMR Top 25 (a)				15.1	-1%	18%	3%	23%
S&P 500 (b)				13.3	6%	12%	2%	26%
Relative Performance							1%	-3%

(a) Valuation and earnings growth data is the average for the stocks currently on the list.

(b) Based on current consensus bottom-up estimates.

Source: Bloomberg, FactSet, DataStream, UBS WMR, as of 31 August 2012

U.S. Top 25 Stock List

Appendix

Term / Abbreviation	Description / Definition
1H, 2H, etc. or 1H07, 2H07, etc.	First half, second half, etc. or first half 2007, second half 2007, etc.
1Q, 2Q, etc. or 1Q07, 2Q07, etc.	First quarter, second quarter, etc. or first quarter 2007, second quarter 2007, etc.
2007E, 2008E, etc.	2007 estimate, 2008 estimate, etc.
ADR	American depositary receipt
AUM	Assets under management = total value of own and third-party assets managed
bn	Billion (10 ⁹)
bp or bps	Basis point or basis points (100 bps = 1 percentage point)
BVPS	Book value per share = shareholders' equity divided by the number of shares
CAGR	Compound annual growth rate
Capex	Capital expenditures
CFO	1) Cash flow from operations; 2) Chief financial officer
CFPS	Cash flow per share
Cost/Inc Ratio (%)	Costs as a percentage of income
CPI	Consumer price index
CR	Combined ratio = ratio of claims and expenses as a percentage of premiums (for insurance companies)
CY	Calendar year
DCF	Discounted cash flow
DDM	Dividend discount model
Dividend Yield (%)	Dividend per share divided by price per share
DPS	Dividend per share
EBIT	Earnings before interest and taxes
EBIT Margin (%)	EBIT divided by revenues
EBIT(D)A	Earnings before interest, taxes, (depreciation) and amortization
EBITDA Margin (%)	EBITDA divided by revenues
EBITDA/Net Interest	EBITDA divided by net interest expense
EBITDAR	Earnings before interest, taxes, depreciation, amortization and rental expense
EFVR	Estimated fair value range
EmV	Embedded value = net asset value + present value of forecasted future profits (for life insurers)
EPS	Earnings per share
Equity Ratio (%)	Shareholders' equity divided by total assets
EV	Enterprise value = market value of equity, preferred equity, outstanding net debt and minorities
FCF	Free cash flow = cash a company generates above outlays required to maintain/expand its asset base
FCF Yield (%)	Free cash flow divided by market capitalization
FFO	Funds from operations
FY	Fiscal year / financial year
GDP	Gross domestic product
GF	Grandfathered status
Gross Margin (%)	Gross profit divided by revenues
h/h	Half-year over half-year; half on half

U.S. Top 25 Stock List

Appendix

Term / Abbreviation	Description / Definition
Interbank Ratio	Interbank deposits due from banks divided by interbank deposits due to banks
Interest Coverage	Ratio that expresses the number of times interest expenses are covered by earnings
Interest exp	Interest expense
ISIN	International securities identification number
LLP/Net Int Inc (%)	Loan loss provisions divided by net interest income
LLR/Gross Loans (%)	Loan loss reserves divided by gross loans
m/m	Month-over-month; month on month
mn	Million (10 ⁶)
n.a. or NA	Not available or not applicable
NAV	Net asset value
Net Debt	Short- and long-term interest-bearing debt minus cash and cash equivalents
Net Int Margin (%)	Net interest income divided by average interest-bearing assets
Net Margin (%)	Net income divided by revenues
n.m. or NM	Not meaningful
NPL	Non-performing loans
Op Margin (%)	Operating income divided by revenues
p.a.	Per annum (per year)
P/BV	Price to book value
P/CFPS	Price/Cash flow per share
P/E	Price to earnings
P/E Relative	P/E relative to the market
P/EmV	Price to embedded value
PEG Ratio	P/E ratio divided by earnings growth
PPI	Producer price index
Prim Bal/Cur Rev (%)	Primary balance divided by current revenue (total revenue minus capital revenue)
Profit Margin (%)	Net income divided by revenues
q/q	Quarter-over-quarter; quarter on quarter
ROA (%)	Return on assets
ROCE (%)	Return on capital employed = EBIT divided by difference between total assets & current liabilities
ROE (%)	Return on equity
ROAE (%)	Return on average equity
ROIC (%)	Return on invested capital
Solvency Ratio (%)	Ratio of shareholders' equity to net premiums written (for insurance companies)
Tier 1 Ratio (%)	Tier 1 capital divided by risk-weighted assets; describes a bank's capital adequacy
tn	Trillion (10 ¹²)
WACC	Weighted average cost of capital
UBS WMR	UBS Wealth Management Research
y/y	Year-over-year; year on year
YTD	Year-to-date

Appendix

Statement of Risk

Equity markets are difficult to forecast because of fluctuations in the economy, investor psychology, geopolitical conditions, and other important variables.

Description and Methodology

To be added to the WMR U.S. Top 25, stocks must have a market capitalization of at least USD 2 billion and:

1. be listed on either the Sector Outperform or Sector Marketperform List from Wealth Management Research (WMR), or
2. where WMR does not include the stock on either its Sector Outperform or Sector Marketperform List, a 12-month rated Buy or Neutral recommendation by UBS Investment Research. UBS Investment Research is part of UBS Investment Bank (the UBS business group that includes, among others, UBS Securities LLC). Stocks which are only covered by UBS Investment Research are annotated as such with a "+" sign.

Stocks will remain eligible for continued inclusion on the list if:

1. it is included on either the Sector Outperform or Sector Marketperform List from Wealth Management Research (WMR), or
2. only where WMR does not include the stock on either its Sector Outperform or Sector Marketperform List, a 12-month rated Buy or Neutral recommendation by UBS Investment Research.

The list of 25 stocks represents our top absolute return ideas from a risk/reward perspective over the next 12 months. Stocks are chosen for inclusion on the list combining top-down analysis of anticipated investment themes and bottom-up company analysis emphasizing valuation relative to estimated secular earnings growth. Changes to the list will occur when other stocks are judged to offer more attractive risk/reward tradeoffs.

The indicated performance is based on capital appreciation plus dividends of an equal weight portfolio, but does not include transaction costs, such as commissions, fees, margin interest, and interest charges. Actual transactions adjusted for such transaction costs will result in reduced total returns. Prices of stocks in this performance reflect closing prices one trading day after the addition or deletion to ensure that changes to the list are announced in a manner that allows clients to match the list's performance.

A complete record of all the recommendations upon which the report is based is available from UBS Financial Services Inc. upon written request. Past performance is not an indication of future results. Since its inception, the list has included 159 stocks, of which 89 advanced and 70 declined while on the list.

Treatment of Top 25 Stocks on the Firm's Restricted List

Where securities are included on the Firm's Restricted List (explained in more detail below) the securities are annotated as such with an asterisk, but have been left in the Top 25 list for performance tracking purposes only. At the time the security was added to the Top 25 list, and until the time it was added to the Restricted List, it met the WMR criteria for inclusion described above. However, while it is on the Restricted List the firm and authors of this publication, are prohibited from expressing their ongoing view of the security. As a matter of course this should neither be necessarily construed positively or negatively, or as a recommendation to buy, hold or sell the security.

The security remains on the Top 25 list until such time as the security is removed from the Restricted List at which time the analyst will either re-affirm his/her ongoing inclusion on the Top 25 list or remove it in accordance with the normal rules for changes to the list outlined above when other stocks are judged to offer more attractive risk/reward tradeoffs.

The Firm's Restricted List

The principal reasons that issuers are included on the Firm's Research Restricted list are that one or more legal entities within the UBS group are involved as an advisor and/or underwriter in a publicly announced corporate transaction. Dependent on relevant security regulations / laws, firm policy, the management of conflicts of interest and to avoid the appearance of impropriety, there may be a requirement for all or a combination of the following: restrictions on the publication of new research, suspensions of research ratings and forecasts, prohibitions on making recommendations to clients, restrictions on placing securities into discretionary accounts and prohibitions on proprietary and/or personal account trading in respect of names on the list.

U.S. Top 25 Stock List

Appendix

Required Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

For a complete set of Required Disclosures relating to the companies that are the subject of this report, please mail a request to UBS Wealth Management Research Business Management, 1285 Avenue of the Americas, 13th Floor, New York, NY 10019.

UBS WMR U.S. Top 25 Stock List

Name	Ticker	Sector	Price (8/31/2012)
American Tower	AMT	Financials	\$70.40
Applied Materials	AMAT	Information Technology	\$11.69
Barrick Gold	ABX	Materials	\$38.52
Calpine	CPN	Utilities	\$17.55
Citigroup	C	Financials	\$29.71
Coca Cola	KO	Consumer Staples	\$37.40
Colgate-Palmolive	CL	Consumer Staples	\$106.31
Comcast	CMCSA	Consumer Discretionary	\$33.53
CSX	CSX	Industrials	\$22.46
Cypress Semiconductor	CY	Information Technology	\$11.61
Devon Energy	DVN	Energy	\$57.83
Express Scripts	ESRX	Health Care	\$62.62
Google	GOOG	Information Technology	\$685.09
Halliburton	HAL	Energy	\$32.76
Home Depot	HD	Consumer Discretionary	\$56.75
Humana	HUM	Health Care	\$70.08
Intel	INTC	Information Technology	\$24.83
Mead Johnson	MJN	Consumer Staples	\$73.33
MetLife	MET	Financials	\$34.13
Occidental Petroleum	OXY	Energy	\$85.01
Potash Corp of Saskatchewan	POT	Materials	\$41.07
SanDisk	SNDK	Information Technology	\$41.22
Schlumberger	SLB	Energy	\$72.38
Starwood Hotels	HOT	Consumer Discretionary	\$55.13
United Technologies	UTX	Industrials	\$79.06

Source: Bloomberg

Appendix

Stock Recommendation System

Wealth Management Research

Analysts provide a relative rating, which is based on the stock's total return potential against the total estimated return of the appropriate sector benchmark over the next 12 months.

Industry Sector Relative Stock View

Outperform (OUT)	Expected to outperform the sector benchmark over the next 12 months.
Marketperform (MKT)	Expected to perform in line with the sector benchmark over the next 12 months.
Underperform (UND)	Expected to underperform the sector benchmark over the next 12 months.

Under review

Upon special events that require further analysis, the stock rating may be flagged as "Under review" by the analyst.

Restricted

Issuing of research on a company by WMR can be restricted due to legal, regulatory, contractual or best business practice obligations which are normally caused by UBS Investment Bank's involvement in an investment banking transaction in regard to the concerned company.

Sector bellwethers, or stocks that are of high importance or relevance to the sector, that are not placed on either the outperform or underperform list (i.e., are not expected to either outperform or underperform the sector benchmark) will be classified as **marketperform**. Stocks that are rated Marketperform that are not sector bellwethers are not assigned a price target.

UBS Investment Research Stock Recommendation System

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Global Equity Rating Definitions

UBS 12-Month Rating

	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.

Key Definitions

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Exceptions and Special Cases

Core Banding Exceptions (CBE): Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Companies Mentioned or Company Disclosure table in the relevant research piece.

Appendix

Appendix

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UBS Client Review

As of September 4, 2012

Prepared for

CITY OF TROY
 EMPLOYEES RETIREMENT SYSTEMS
 ATTN MONICA IRELAN

Accounts included in this review

Account	Name	Type
TZ 34595	• ERS Account	• Defined Benefit
Risk profile:	Moderate	
Return objective:	Current Income and Capital Appreciation	

What's inside

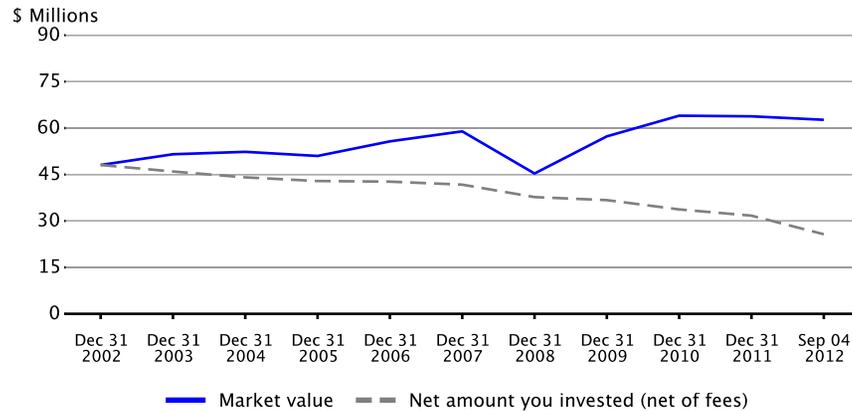
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Performance review

as of September 4, 2012

Sources of portfolio value

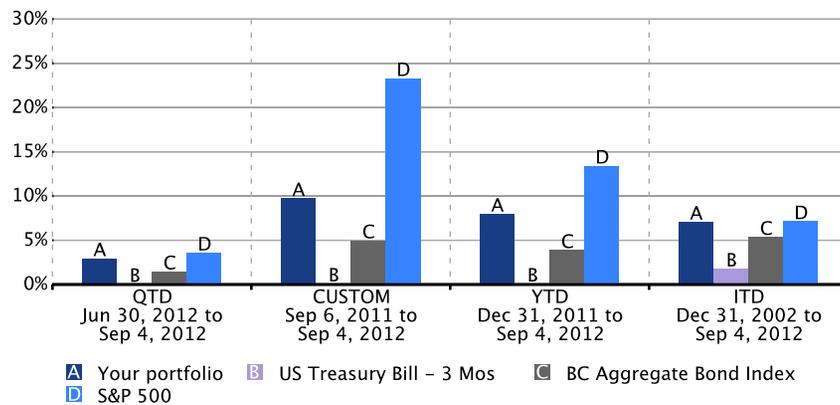


Portfolio value and investment returns

	Performance returns (annualized > 1 year)			
	QTD Jun 30, 2012 to Sep 4, 2012	For period of Sep 6, 2011 to Sep 4, 2012	YTD Dec 31, 2011 to Sep 4, 2012	ITD Dec 31, 2002 to Sep 4, 2012
Opening value	60,903,860.45	62,776,485.37	63,802,547.70	48,080,148.50
Net deposits/withdrawals	0.00	-6,020,250.00	-6,020,050.00	-22,404,886.62
Div./interest income	214,963.11	1,499,735.77	915,219.04	19,648,192.70
Change in accr. interest	-18,642.48	-44,098.56	-50,825.50	-510,039.16
Change in market value	1,577,990.52	4,466,299.02	4,031,280.35	17,864,756.17
Closing value	62,678,171.59	62,678,171.59	62,678,171.59	62,678,171.59
Net Time-weighted ROR	2.91	9.70	7.94	7.04

Net deposits and withdrawals include program and account fees.

Portfolio and selected benchmark returns



Time weighted rates of return (net of fees)

	Performance returns (annualized > 1 year)			
	QTD Jun 30, 2012 to Sep 4, 2012	For period of Sep 6, 2011 to Sep 4, 2012	YTD Dec 31, 2011 to Sep 4, 2012	ITD Dec 31, 2002 to Sep 4, 2012
Your portfolio	2.91%	9.70%	7.94%	7.04%
Cash and Cash Alt				
US Treasury Bill - 3 Mos	0.01	0.05	0.04	1.74
Fixed Income				
BC Aggregate Bond Index	1.42	4.93	3.83	5.32
Equities				
S&P 500	3.55	23.27	13.38	7.09

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.



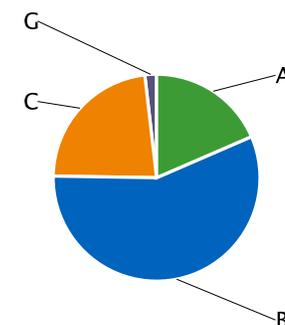
Portfolio holdings

as of September 4, 2012

Summary of portfolio holdings

	Cost basis (\$)	Value on Sep 04 (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of portfolio
A Cash and cash alternatives	11,597,803.17	11,598,020.70	217.53	0.00%	0.00	0.00%	18.50%
U.S. cash	11,597,803.17	11,598,020.70	217.53	0.00%	0.00	0.00%	18.50%
B Equities	23,646,690.86	35,575,856.62	10,042,233.15	42.47%	681,052.23	1.91%	56.76%
U.S. equity	19,654,381.63	31,633,921.67	10,092,607.43	51.35%	580,888.46	1.84%	50.47%
Non U.S. equity	3,288,172.43	3,241,295.38	-46,877.05	-1.43%	83,985.94	2.59%	5.17%
Global equity	704,136.80	700,639.58	-3,497.22	-0.50%	16,177.82	2.31%	1.12%
C Fixed income	13,805,711.00	14,354,953.49	549,242.49	3.98%	566,306.68	3.96%	22.90%
U.S. fixed income	13,311,705.75	13,813,768.49	502,062.74	3.77%	541,931.68	3.93%	22.04%
Non U.S. fixed income	494,005.25	541,185.00	47,179.75	9.55%	24,375.00	4.60%	0.86%
D Alternative strategies	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00%
E Broad commodities	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00%
F Real estate	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00%
G Other	1,059,712.07	1,149,340.78	89,628.71	8.46%	37,373.67	3.25%	1.83%
Balanced	1,059,712.07	1,149,340.78	89,628.71	8.46%	37,373.67	3.25%	1.83%
Total Portfolio	\$50,109,917.10	\$62,678,171.59	\$10,681,321.88	21.32%	\$1,284,732.58	2.05%	100%

Balanced mutual funds are allocated in the 'Other' category





Prepared for CITY OF TROY
 TZ 34595 • ERS Account • Defined Benefit
 Risk profile: Moderate
 Return objective: Current Income and Capital Appreciation

Portfolio holdings - as of September 4, 2012 (continued)

Details of portfolio holdings

				Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of asset class	% of portfolio
Total Portfolio				\$50,109,917.10	\$62,678,171.59	\$10,681,321.88	21.32%	\$1,284,732.58	2.05%	100%	100%
Cash and cash alternatives											
	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of cash	% of portfolio
U.S. cash											
RMA MONEY MKT. PORTFOLIO	10,161,231.17	1.00	1.00	10,161,231.17	10,161,231.17	0.00	0.00%			87.61%	16.21%
UNITED STATES TREAS BILL DUE 09/06/12	420,000.00	99.99	100.00	419,968.29	420,000.00	31.71	0.01%			3.62%	0.67%
UNITED STATES TREAS BILL DUE 09/13/12	1,000,000.00	99.98	100.00	999,794.18	999,980.00	185.82	0.02%			8.62%	1.60%
USD CASH	16,809.53	1.00	1.00	16,809.53	16,809.53	0.00	0.00%	0.00	0.00%	0.14%	0.03%
Total U.S. cash				\$11,597,803.17	\$11,598,020.70	\$217.53	0.00%	\$0.00	0.00%	100.00%	18.50%
Total Cash and cash alternatives				\$11,597,803.17	\$11,598,020.70	\$217.53	0.00%	\$0.00	0.00%	100%	18.50%
Equities											
	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of equity	% of portfolio
U.S. equity											
AMERICAN SCIENCE & ENGINEERING INC	3,000.00	86.53	59.76	259,595.93	179,280.00	-80,315.93	-30.94%	6,000.00	3.35%	0.50%	0.29%
AMERICAN TOWER CORP REIT	5,000.00	63.62	70.78	318,090.87	353,900.00	35,809.13	11.26%	4,400.00	1.24%	0.99%	0.56%
APPLE INC	6,750.00	287.32	674.97	1,939,414.26	4,556,047.50	2,616,633.24	134.92%	71,550.00	1.57%	12.81%	7.27%
BANK OF AMER CORP	10,000.00	16.85	8.00	168,536.26	80,000.00	-88,536.26	-52.53%	400.00	0.50%	0.22%	0.13%
BED BATH & BEYOND INC	2,500.00	53.84	66.98	134,595.33	167,450.00	32,854.67	24.41%			0.47%	0.27%
BRUKER CORP	5,000.00	15.60	12.29	78,022.84	61,450.00	-16,572.84	-21.24%			0.17%	0.10%
CALL AMERICAN TOWER CORP DUE 10/20/12 75.000 050GW8	-10.00	93.77	30.00	-937.66	-300.00	637.66	68.01%			-0.00%	-0.00%
CALL APPLE INC DUE 09/22/12 755.000 030911	-10.00	157.71	72.50	-1,577.08	-725.00	852.08	54.03%			-0.00%	-0.00%
CALL BED BATH & BEYOND I DUE 11/17/12 70.000 303178	-10.00	88.85	229.00	-888.48	-2,290.00	-1,401.52	-157.74%			-0.01%	-0.00%



Portfolio holdings - as of September 4, 2012 (continued)

Equities	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of equity	% of portfolio
U.S. equity											
CALL CATERPILLAR INC DUE 11/17/12 97.500 072991	-10.00	88.85	40.00	-888.48	-400.00	488.48	54.98%			-0.00%	-0.00%
CALL CELGENE CORP DUE 01/19/13 80.000 094889	-10.00	88.85	185.00	-888.48	-1,850.00	-961.52	-108.22%			-0.01%	-0.00%
CALL CHEVRON CORP DUE 12/22/12 115.000 0926P3	-10.00	127.21	266.00	-1,272.13	-2,660.00	-1,387.87	-109.10%			-0.01%	-0.00%
CALL CIT GROUP INC DUE 01/19/13 55.000 068HJ1	-30.00	3.53	10.00	-105.81	-300.00	-194.19	-183.53%			-0.00%	-0.00%
CALL CLEAN ENERGY FUELS DUE 12/22/12 23.000 1088G1	-20.00	7.79	10.00	-155.81	-200.00	-44.19	-28.36%			-0.00%	-0.00%
CALL COPANO ENERGY LLC C DUE 11/17/12 35.000 1098G8	-30.00	3.53	15.00	-105.81	-450.00	-344.19	-325.29%			-0.00%	-0.00%
CALL COSTCO WHOLESALE CO DUE 10/20/12 100.000 0929G5	-10.00	98.68	157.50	-986.85	-1,575.00	-588.15	-59.60%			-0.00%	-0.00%
CALL DANAHER CORP DUE 12/22/12 57.500 126250	-30.00	90.25	82.50	-2,707.54	-2,475.00	232.54	8.59%			-0.01%	-0.00%
CALL DARLING INTL INC DUE 01/19/13 17.500 194921	-10.00	88.85	110.00	-888.48	-1,100.00	-211.52	-23.81%			-0.00%	-0.00%
CALL DIRECTV DUE 09/22/12 52.500 1277Z5	-10.00	98.69	75.00	-986.86	-750.00	236.86	24.00%			-0.00%	-0.00%
CALL EMC CORP MASS DUE 10/20/12 35.000 137499	-4.00	3.00	2.00	-11.99	-8.00	3.99	33.28%			-0.00%	-0.00%
CALL FISERV INC DUE 09/22/12 75.000 159425	-20.00	110.95	15.00	-2,218.96	-300.00	1,918.96	86.48%			-0.00%	-0.00%
CALL FLOWERS FOODS INC DUE 10/20/12 25.000 1622K1	-10.00	10.58	15.00	-105.81	-150.00	-44.19	-41.76%			-0.00%	-0.00%
CALL GENL MILLS INC DUE 10/20/12 44.000 177105	-20.00	0.00	5.00	0.00	-100.00	N/A	N/A			-0.00%	-0.00%
CALL GENUINE PARTS CO DUE 11/17/12 70.000 181455	-10.00	15.58	15.00	-155.81	-150.00	5.81	3.73%			-0.00%	-0.00%
CALL GLOBAL PAYMENTS INC DUE 11/17/12 55.000 1848N3	-10.00	3.12	15.00	-31.22	-150.00	-118.78	-380.46%			-0.00%	-0.00%
CALL GREEN MTN COFFEE DUE 09/22/12 35.000 3276A1	-30.00	38.54	4.00	-1,156.27	-120.00	1,036.27	89.62%			-0.00%	-0.00%
CALL JOS A BANK CLOTHIER DUE 01/19/13 55.000 240478	-10.00	34.47	145.00	-344.74	-1,450.00	-1,105.26	-320.61%			-0.00%	-0.00%



Portfolio holdings - as of September 4, 2012 (continued)

Equities	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of equity	% of portfolio
U.S. equity											
CALL LENNOX INTL INC DUE 12/22/12 55.000 2594N4	-10.00	93.77	100.00	-937.66	-1,000.00	-62.34	-6.65%			-0.00%	-0.00%
CALL MCDONALDS CORP DUE 12/22/12 97.500 279676	-11.00	99.13	43.00	-1,090.38	-473.00	617.38	56.62%			-0.00%	-0.00%
CALL MCKESSON CORP DUE 11/17/12 100.000 2805A8	-10.00	157.71	20.00	-1,577.08	-200.00	1,377.08	87.32%			-0.00%	-0.00%
CALL OMNICOM GROUP INC DUE 10/20/12 55.000 348929	-30.00	3.53	25.00	-105.81	-750.00	-644.19	-608.82%			-0.00%	-0.00%
CALL ONEOK INC NEW DUE 01/19/13 46.250 3496G4	-20.00	96.19	127.50	-1,923.84	-2,550.00	-626.16	-32.55%			-0.01%	-0.00%
CALL ORACLE CORP DUE 09/22/12 35.000 353752	-30.00	2.01	2.50	-60.40	-75.00	-14.60	-24.17%			-0.00%	-0.00%
CALL PEPSICO INC DUE 01/19/13 75.000 368024	-20.00	107.01	106.00	-2,140.25	-2,120.00	20.25	0.95%			-0.01%	-0.00%
CALL PERRIGO COMPANY DUE 11/17/12 120.000 363545	-10.00	103.60	147.50	-1,036.03	-1,475.00	-438.97	-42.37%			-0.00%	-0.00%
CALL PORTFOLIO RECOVERY DUE 09/22/12 95.000 3803K6	-10.00	172.46	690.00	-1,724.63	-6,900.00	-5,175.37	-300.09%			-0.02%	-0.01%
CALL PRAXAIR INC DUE 10/20/12 120.000 385344	-10.00	29.47	15.00	-294.74	-150.00	144.74	49.11%			-0.00%	-0.00%
CALL PROCTER & GAMBLE CO DUE 10/20/12 72.500 383601	-18.00	1.11	4.00	-19.92	-72.00	-52.08	-261.45%			-0.00%	-0.00%
CALL RIO TINTO PLC SPON DUE 10/20/12 55.000 4005C0	-30.00	92.17	10.00	-2,764.97	-300.00	2,464.97	89.15%			-0.00%	-0.00%
CALL SPECTRA ENERGY CORP DUE 12/22/12 33.000 433AH7	-22.00	7.97	10.00	-175.42	-220.00	-44.58	-25.41%			-0.00%	-0.00%
CALL STARBUCKS CORP DUE 10/20/12 65.000 509736	-10.00	89.83	2.00	-898.31	-20.00	878.31	97.77%			-0.00%	-0.00%
CALL TEVA PHARMACEUTICAL DUE 12/22/12 42.500 456748	-10.00	101.64	77.00	-1,016.36	-770.00	246.36	24.24%			-0.00%	-0.00%
CALL THORATEC CORP NEW DUE 10/20/12 38.000 4564C8	-10.00	88.85	37.50	-888.48	-375.00	513.48	57.79%			-0.00%	-0.00%
CALL TRACTOR SUPPLY COMP DUE 01/19/13 110.000 4608B6	-10.00	177.38	340.00	-1,773.81	-3,400.00	-1,626.19	-91.68%			-0.01%	-0.01%
CALL VISA INC CL A DUE 12/22/12 150.000 488372	-10.00	93.77	84.00	-937.66	-840.00	97.66	10.42%			-0.00%	-0.00%



Prepared for CITY OF TROY
 TZ 34595 • ERS Account • Defined Benefit
 Risk profile: Moderate
 Return objective: Current Income and Capital Appreciation

Portfolio holdings - as of September 4, 2012 (continued)

Equities	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of equity	% of portfolio
U.S. equity											
CALL WELLS FARGO & CO NE DUE 10/20/12 39.000 4971H5	-10.00	8.96	4.00	-89.59	-40.00	49.59	55.35%			-0.00%	-0.00%
CATERPILLAR INC	5,000.00	71.86	82.66	359,277.67	413,300.00	54,022.33	15.04%	10,400.00	2.52%	1.16%	0.66%
CELGENE CORP	4,000.00	56.44	72.07	225,746.44	288,280.00	62,533.56	27.70%			0.81%	0.46%
CHEVRON CORP	16,900.00	0.00	111.22	0.00	1,879,618.00	N/A	N/A	60,840.00	3.24%	5.28%	3.00%
CIT GROUP INC	9,162.00	47.53	38.18	435,487.64	349,805.16	-85,682.48	-19.68%			0.98%	0.56%
CLEAN ENERGY FUELS CORP	5,000.00	20.33	13.32	101,643.37	66,600.00	-35,043.37	-34.48%			0.19%	0.11%
CLIFFS NAT RESOURCES INC	12,000.00	33.84	33.68	406,067.53	404,160.00	-1,907.53	-0.47%	30,000.00	7.42%	1.14%	0.64%
COLUMBIA SELIGMAN COMMUNICATION AND INFORMATION FUND A	57,895.64	29.81	44.94	1,725,626.68	2,601,829.84	876,203.16	50.78%			7.31%	4.15%
Client investment: \$1,602,223.43											
Reinvested dividends: \$123,403.25											
Investment return: \$999,606.41											
COPANO ENERGY LLC COM UNITS MLP	10,000.00	29.82	31.27	298,179.02	312,700.00	14,520.98	4.87%	23,000.00	7.36%	0.88%	0.50%
CORNING INC	3,000.00	29.04	11.91	87,127.85	35,730.00	-51,397.85	-58.99%	900.00	2.52%	0.10%	0.06%
COSTCO WHOLESALE CORP	5,000.00	84.41	98.15	422,060.72	490,750.00	68,689.28	16.27%	5,500.00	1.12%	1.38%	0.78%
DANAHER CORP	8,000.00	25.41	52.89	203,308.72	423,120.00	219,811.28	108.12%	800.00	0.19%	1.19%	0.68%
DARLING INTL INC	10,000.00	6.66	17.01	66,595.12	170,100.00	103,504.88	155.42%			0.48%	0.27%
DECKERS OUTDOOR CORP	10,000.00	36.65	48.58	366,450.01	485,800.00	119,349.99	32.57%			1.37%	0.78%
DIRECTV	4,920.00	48.10	52.30	236,667.51	257,316.00	20,648.49	8.72%			0.72%	0.41%
DUKE ENERGY CORP NEW	8,841.00	40.32	64.81	356,494.82	572,985.21	216,490.39	60.73%	27,053.46	4.72%	1.61%	0.91%
EMC CORP MASS	17,000.00	12.33	26.35	209,532.02	447,950.00	238,417.98	113.79%			1.26%	0.71%
FACTSET RESH SYSTEMS INC	2,000.00	31.36	93.95	62,713.03	187,900.00	125,186.97	199.62%	2,480.00	1.32%	0.53%	0.30%
FISERV INC	5,000.00	38.76	71.47	193,816.02	357,350.00	163,533.98	84.38%			1.00%	0.57%
FLOWERS FOODS INC	7,500.00	16.96	20.66	127,229.34	154,950.00	27,720.66	21.79%	4,800.00	3.10%	0.44%	0.25%
FREEMPORT-MCMORAN COPPER & GOLD INC	20,000.00	44.11	35.62	882,118.37	712,400.00	-169,718.37	-19.24%	25,000.00	3.51%	2.00%	1.14%
GAMESTOP CORP NEW (HOLDING CO) CL A	1,000.00	24.45	20.41	24,452.66	20,410.00	-4,042.66	-16.53%	1,000.00	4.90%	0.06%	0.03%
GENERAL MOTORS CO	2,037.00	112.20	21.31	228,544.97	43,408.47	-185,136.50	-81.01%			0.12%	0.07%
GENL ELECTRIC CO	10,000.00	35.74	20.51	357,402.80	205,100.00	-152,302.80	-42.61%	6,800.00	3.32%	0.58%	0.33%
GENL MILLS INC	5,000.00	38.13	39.33	190,632.65	196,650.00	6,017.35	3.16%	6,600.00	3.36%	0.55%	0.31%
GENUINE PARTS CO	5,000.00	63.29	61.98	316,434.00	309,900.00	-6,534.00	-2.06%	9,900.00	3.19%	0.87%	0.49%
GLOBAL PAYMENTS INC	3,000.00	51.56	41.55	154,667.78	124,650.00	-30,017.78	-19.41%	240.00	0.19%	0.35%	0.20%



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Portfolio holdings - as of September 4, 2012 (continued)

Equities	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of equity	% of portfolio
U.S. equity											
GOOGLE INC CL A	1,000.00	479.74	681.04	479,740.99	681,040.00	201,299.01	41.96%			1.91%	1.09%
GREEN MTN COFFEE ROASTERS INC	13,000.00	30.14	23.99	391,824.65	311,870.00	-79,954.65	-20.41%			0.88%	0.50%
HARTFORD FINCL SERVICES GROUP INC	5,000.00	67.53	17.70	337,662.20	88,500.00	-249,162.20	-73.79%	2,000.00	2.26%	0.25%	0.14%
HESS CORP	2,000.00	56.10	49.65	112,204.73	99,300.00	-12,904.73	-11.50%	800.00	0.81%	0.28%	0.16%
HILLENBRAND INC	5,000.00	19.55	18.16	97,745.28	90,800.00	-6,945.28	-7.11%	3,850.00	4.24%	0.26%	0.14%
HONEYWELL INTL INC	3,000.00	18.32	57.52	54,956.25	172,560.00	117,603.75	214.00%	4,470.00	2.59%	0.49%	0.28%
IDEX CORP	10,500.00	20.50	40.27	215,255.25	422,835.00	207,579.75	96.43%	8,400.00	1.99%	1.19%	0.67%
JOS A BANK CLOTHIERS INC	5,000.00	32.08	48.48	160,409.66	242,400.00	81,990.34	51.11%			0.68%	0.39%
LENNOX INTL INC	5,000.00	42.09	47.99	210,437.94	239,950.00	29,512.06	14.02%	3,600.00	1.50%	0.67%	0.38%
MCDONALDS CORP	8,100.00	47.82	89.05	387,373.85	721,305.00	333,931.15	86.20%	22,680.00	3.14%	2.03%	1.15%
MCKESSON CORP	5,000.00	78.63	87.20	393,168.79	436,000.00	42,831.21	10.89%	4,000.00	0.92%	1.23%	0.70%
MOTORS LIQ CO GUC TR UBI	511.00	0.00	14.51	0.00	7,414.61	N/A	N/A			0.02%	0.01%
OMNICOM GROUP INC	8,000.00	34.28	51.63	274,205.25	413,040.00	138,834.75	50.63%	9,600.00	2.32%	1.16%	0.66%
ONEOK INC NEW	30,000.00	13.44	45.00	403,242.36	1,350,000.00	946,757.64	234.79%	39,600.00	2.93%	3.79%	2.15%
ORACLE CORP	10,000.00	13.18	31.57	131,772.17	315,700.00	183,927.83	139.58%	2,400.00	0.76%	0.89%	0.50%
PEPSICO INC	22,000.00	35.28	72.48	776,106.79	1,594,560.00	818,453.21	105.46%	47,300.00	2.97%	4.48%	2.54%
PERRIGO COMPANY	5,000.00	99.44	110.64	497,217.21	553,200.00	55,982.79	11.26%	1,600.00	0.29%	1.55%	0.88%
PFIZER INC	7,000.00	9.07	23.78	63,480.04	166,425.00	102,944.96	162.17%	6,160.00	3.70%	0.47%	0.27%
PORTFOLIO RECOVERY ASSOC INC	5,000.00	48.08	101.72	240,392.99	508,600.00	268,207.01	111.57%			1.43%	0.81%
PRAXAIR INC	6,000.00	41.66	104.23	249,987.48	625,380.00	375,392.52	150.16%	13,200.00	2.11%	1.76%	1.00%
PROCTER & GAMBLE CO	4,875.00	46.05	67.40	224,489.81	328,575.00	104,085.19	46.37%	10,959.00	3.34%	0.92%	0.52%
PUT APPLE INC DUE 11/17/12 475.000 030911	-10.00	174.43	114.50	-1,744.30	-1,145.00	599.30	34.36%			-0.00%	-0.00%
PUT CELGENE CORP DUE 10/20/12 55.000 094889	-10.00	88.85	25.00	-888.48	-250.00	638.48	71.86%			-0.00%	-0.00%
PUT CHEVRON CORP DUE 01/19/13 75.000 0926P3	-30.00	199.84	55.00	-5,995.10	-1,650.00	4,345.10	72.48%			-0.00%	-0.00%
PUT DECKERS OUTDOOR COR DUE 09/22/12 42.500 1243B0	-20.00	110.95	32.50	-2,218.96	-650.00	1,568.96	70.71%			-0.00%	-0.00%
PUT DIAGEO PLC NEW GB S DUE 10/20/12 75.000 1157S0	-20.00	96.19	15.00	-1,923.84	-300.00	1,623.84	84.41%			-0.00%	-0.00%
PUT FISERV INC DUE 09/22/12 60.000 159425	-10.00	108.52	15.00	-1,085.22	-150.00	935.22	86.18%			-0.00%	-0.00%
PUT GREEN MTN COFFEE DUE 09/22/12 17.000 3276A1	-10.00	88.85	7.50	-888.48	-75.00	813.48	91.56%			-0.00%	-0.00%



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Portfolio holdings - as of September 4, 2012 (continued)

Equities	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of equity	% of portfolio
U.S. equity											
PUT TRACTOR SUPPLY COMP DUE 01/19/13 55.000 4608B6	-10.00	113.44	35.00	-1,134.40	-350.00	784.40	69.15%			-0.00%	-0.00%
PUT VISA INC CL A DUE 12/22/12 90.000 488372	-10.00	138.03	33.00	-1,380.33	-330.00	1,050.33	76.09%			-0.00%	-0.00%
SCANA CORP NEW	5,000.00	34.85	47.90	174,228.40	239,500.00	65,271.60	37.46%	9,900.00	4.13%	0.67%	0.38%
SIGMA ALDRICH CORP	8,000.00	11.74	70.49	93,909.76	563,920.00	470,010.24	500.49%	6,400.00	1.13%	1.59%	0.90%
SMUCKER J M CO NEW	4,000.00	60.27	86.04	241,085.93	344,160.00	103,074.07	42.75%	8,320.00	2.42%	0.97%	0.55%
SOUTH JERSEY IND INC	5,000.00	37.59	51.36	187,934.87	256,800.00	68,865.13	36.64%	8,050.00	3.13%	0.72%	0.41%
SPECTRA ENERGY CORP	5,200.00	20.14	28.47	104,737.84	148,044.00	43,306.16	41.35%	5,824.00	3.93%	0.42%	0.24%
STARBUCKS CORP	5,000.00	55.61	49.51	278,067.04	247,550.00	-30,517.04	-10.97%	3,400.00	1.37%	0.70%	0.39%
THORATEC CORP NEW	5,000.00	29.63	34.50	148,140.05	172,500.00	24,359.95	16.44%			0.48%	0.28%
TRACTOR SUPPLY COMPANY	4,000.00	20.34	99.38	81,375.30	397,520.00	316,144.70	388.50%	3,200.00	0.80%	1.12%	0.63%
VISA INC CL A	4,000.00	94.26	128.52	377,027.06	514,080.00	137,052.94	36.35%	3,520.00	0.68%	1.45%	0.82%
WALGREEN CO	5,000.00	39.30	35.70	196,513.07	178,500.00	-18,013.07	-9.17%	5,500.00	3.08%	0.50%	0.28%
WATSCO INC	5,000.00	61.20	75.58	306,014.09	377,900.00	71,885.91	23.49%	12,400.00	3.28%	1.06%	0.60%
WELLS FARGO & CO NEW	5,000.00	10.92	33.80	54,576.32	169,000.00	114,423.68	209.66%	4,400.00	2.60%	0.48%	0.27%
WTS GENERAL MOTORS CO EXP 07/10/16	1,852.00	82.17	12.52	152,171.95	23,187.04	-128,984.91	-84.76%			0.07%	0.04%
WTS GENERAL MOTORS CO EXP 07/10/19	1,852.00	63.74	7.67	118,051.33	14,204.84	-103,846.49	-87.97%			0.04%	0.02%
YUM! BRANDS INC	27,800.00	19.98	62.98	555,471.42	1,750,844.00	1,195,372.58	215.20%	31,692.00	1.81%	4.92%	2.79%
Total U.S. equity				\$19,654,381.63	\$31,633,921.67	\$10,092,607.43	51.35%	\$580,888.46	1.84%	88.92%	50.47%
Non U.S. equity											
BANK OF NOVA SCOTIA CANADA CAD	5,000.00	53.43	53.01	267,163.70	265,050.00	-2,113.70	-0.79%	11,508.30	4.34%	0.75%	0.42%
DIAGEO PLC NEW GB SPON ADR	2,000.00	64.02	111.24	128,034.73	222,480.00	94,445.27	73.77%	5,517.89	2.48%	0.63%	0.35%
INVESCO EUROPEAN GROWTH FUND CLASS A	25,760.92	38.04	31.57	979,857.77	813,272.37	-166,585.40	-17.00%	24,444.54	3.01%	2.29%	1.30%
Client investment: \$761,276.65 Reinvested dividends: \$218,581.12 Investment return: \$51,995.72											
RIO TINTO PLC SPON ADR	15,000.00	41.31	43.16	619,698.79	647,400.00	27,701.21	4.47%	24,626.30	3.80%	1.82%	1.03%
TEVA PHARMACEUTICALS IND LTD ISRAEL ADR	9,000.00	30.64	39.70	275,754.65	357,300.00	81,545.35	29.57%	6,960.82	1.95%	1.00%	0.57%



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Portfolio holdings - as of September 4, 2012 (continued)

Equities	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of equity	% of portfolio
Non U.S. equity											
THORNBURG INTERNATIONAL VALUE FUND CLASS A	37,119.91	27.42	25.21	1,017,662.79	935,793.01	-81,869.78	-8.04%	10,928.10	1.17%	2.63%	1.49%
Client investment: \$1,000,005.25 Reinvested dividends: \$17,657.54 Investment return: \$-64,212.24											
Total Non U.S. equity				\$3,288,172.43	\$3,241,295.38	\$-46,877.05	-1.43%	\$83,985.94	2.59%	9.11%	5.17%
Global equity											
AMER FUNDS CAPITAL WORLD GROWTH & INCOME FUND CL A	19,972.62	35.26	35.08	704,136.80	700,639.58	-3,497.22	-0.50%	16,177.82	2.31%	1.97%	1.12%
Client investment: \$670,980.25 Reinvested dividends: \$33,156.55 Investment return: \$29,659.33											
Total Global equity				\$704,136.80	\$700,639.58	\$-3,497.22	-0.50%	\$16,177.82	2.31%	1.97%	1.12%
Total Equities				\$23,646,690.86	\$35,575,856.62	\$10,042,233.15	42.47%	\$681,052.23	1.91%	100%	56.76%
Fixed income											
U.S. fixed income											
AMERICAN GENL FIN CORP 04.625% 121512 DTD121803 FC011504 NTS	500,000.00	100.00	97.66	500,000.00	489,535.49	-10,464.51	-2.09%	23,125.00	4.74%	3.41%	0.78%
AT&T BROADBAND CORP 09.455% 111522 DTD111802 FC051503 GLOBAL B/E	297,000.00	98.86	149.11	293,625.00	451,368.02	157,743.02	53.72%	28,081.35	6.34%	3.14%	0.72%
ATLANTIC RICHFIELD CO 08.250% 020122 DTD020192 FC080192 DEBS	600,000.00	97.88	137.37	587,250.00	828,745.50	241,495.50	41.12%	49,500.00	6.01%	5.77%	1.32%
BANK OF AMER INTERNOTES 04.000% 041515 DTD042910 FC101510 NTS B/E	500,000.00	100.00	102.45	500,000.00	519,982.22	19,982.22	4.00%	20,000.00	3.90%	3.62%	0.83%
BANK OF AMER INTERNOTES 04.900% 021517 DTD021910 FC081510 NTS B/E	1,000,000.00	100.00	102.34	1,000,000.00	1,025,976.11	25,976.11	2.60%	49,000.00	4.79%	7.15%	1.64%



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Portfolio holdings - as of September 4, 2012 (continued)

Fixed income	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of fixed income	% of portfolio
U.S. fixed income											
EATON VANCE FLOATING RATE FUND CLASS A Client investment: \$1,000,005.25 Reinvested dividends: \$59,943.46 Investment return: \$55,344.30	112,871.61	9.39	9.35	1,059,948.71	1,055,349.55	-4,599.16	-0.43%	43,469.57	4.12%	7.35%	1.68%
ESCROW GENERAL MTRS CORP 6.250% SER C DUE 07/15/33 CALLBL CONV	20,000.00	24.84	0.38	496,763.00	7,600.00	-489,163.00	-98.47%			0.05%	0.01%
FORD HOLDING INC DEB 09.375% 030120 DTD030190 FC090190	200,000.00	97.69	123.88	195,375.00	247,906.25	52,531.25	26.89%	18,750.00	7.57%	1.73%	0.40%
GENL MOTORS ACCEPT 06.750% 041513 DTD041503 FC101503 CALLABLE	500,000.00	100.00	99.67	500,000.00	511,391.25	11,391.25	2.28%	33,750.00	6.77%	3.56%	0.82%
GMAC INC ZERO CPN B/E 00.000% 120112 DTD120982 FC120112	500,000.00	41.00	99.00	205,000.00	495,000.00	290,000.00	141.46%			3.45%	0.79%
LORD ABBETT FLOATING RATE FUND A Client investment: \$3,000,010.50 Reinvested dividends: \$244,384.83 Investment return: \$215,062.05	346,078.85	9.37	9.29	3,244,395.33	3,215,072.55	-29,322.78	-0.90%	166,060.75	5.17%	22.40%	5.13%
PIMCO TOTAL RETURN FUND CLASS A Client investment: \$1,000,005.25 Reinvested dividends: \$1,168,068.12 Investment return: \$1,320,908.09	201,818.55	10.74	11.50	2,168,073.37	2,320,913.34	152,839.97	7.05%	65,622.71	2.83%	16.17%	3.70%
PIMCO UNCONSTRAINED BOND FUND CLASS A Client investment: \$2,000,000.00 Reinvested dividends: \$61,275.34 Investment return: \$131,988.21	185,068.42	11.14	11.52	2,061,275.34	2,131,988.21	70,712.87	3.43%	26,202.36	1.23%	14.85%	3.40%
PRUDENTIAL FINL NOTES 03.673% 111015 DTD111705 FLT VS YOY CPI-U +201BPS	500,000.00	100.00	102.59	500,000.00	512,940.00	12,940.00	2.59%	18,369.95	3.58%	3.57%	0.82%
Total U.S. fixed income				\$13,311,705.75	\$13,813,768.49	\$502,062.74	3.77%	\$541,931.68	3.93%	96.23%	22.04%



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Portfolio holdings - as of September 4, 2012 (continued)

Fixed income	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of fixed income	% of portfolio
Non U.S. fixed income											
ROYAL BANK OF SCOTLAND 04.875% 031615 DTD031610 FC091610 PLC NTS B/E	500,000.00	98.80	105.96	494,005.25	541,185.00	47,179.75	9.55%	24,375.00	4.60%	3.77%	0.86%
Total Non U.S. fixed income				\$494,005.25	\$541,185.00	\$47,179.75	9.55%	\$24,375.00	4.60%	3.77%	0.86%
Total Fixed income				\$13,805,711.00	\$14,354,953.49	\$549,242.49	3.98%	\$566,306.68	3.96%	100%	22.90%
Other	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of other	% of portfolio
Balanced MFS DIVERSIFIED INCOME FUND CLASS A	100,466.85	10.55	11.44	1,059,712.07	1,149,340.78	89,628.71	8.46%	37,373.67	3.25%	100.00%	1.83%
Client investment: \$1,000,005.25 Reinvested dividends: \$59,706.82 Investment return: \$149,335.53											
Total Balanced				\$1,059,712.07	\$1,149,340.78	\$89,628.71	8.46%	\$37,373.67	3.25%	100.00%	1.83%
Total Other				\$1,059,712.07	\$1,149,340.78	\$89,628.71	8.46%	\$37,373.67	3.25%	100%	1.83%
Total Portfolio				\$50,109,917.10	\$62,678,171.59	\$10,681,321.88	21.32%	\$1,284,732.58	2.05%	100%	100%

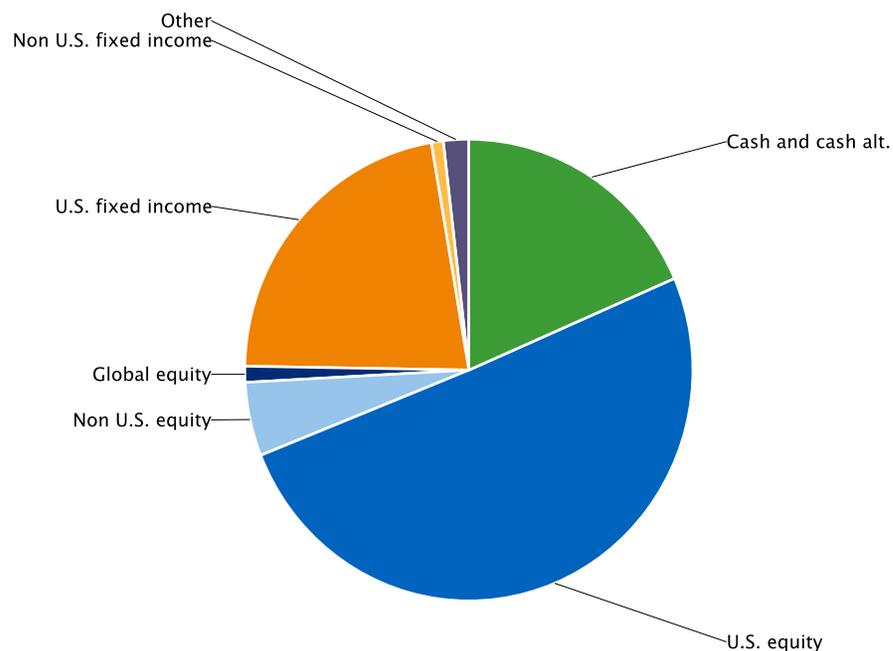
Total accrued interest (included in market values): \$49,131.23



Asset allocation summary

as of September 4, 2012

	Market value (\$)	% of portfolio
Cash and cash alternatives	11,598,020.70	18.50
U.S. cash	11,598,020.70	18.50
Cash	16,809.53	0.03
Cash alternatives	11,581,211.17	18.48
Equities	35,575,856.62	56.76
U.S. equity	31,633,921.67	50.47
Large Cap	25,766,268.02	41.11
Growth	18,367,208.50	29.30
Value	3,569,620.00	5.70
U.S. equity - unclassified	3,829,439.52	6.11
Mid Cap	3,724,000.16	5.94
Growth	3,134,695.00	5.00
Value	589,305.16	0.94
Small Cap	1,830,280.00	2.92
Growth	1,763,680.00	2.81
U.S. equity - unclassified	66,600.00	0.11
U.S. equity - unclassified	313,373.49	0.50
Non U.S. equity	3,241,295.38	5.17
Developed markets	2,883,995.38	4.60
Emerging markets	357,300.00	0.57
Global equity	700,639.58	1.12
Global equity - unclassified	700,639.58	1.12
Fixed income	14,354,953.49	22.90
U.S. fixed income	13,813,768.49	22.04
Short term - investment grade	519,982.22	0.83
Corporates	519,982.22	0.83
Intermediate - investment grade	11,338,891.51	18.09
Governments	2,131,988.21	3.40
Corporates	2,615,567.86	4.17
Core	2,320,913.34	3.70
U.S. fixed income - unclassified	4,270,422.11	6.81
Long term - investment grade	458,968.02	0.73
Corporates	458,968.02	0.73





Asset allocation summary - as of September 4, 2012 (continued)

	Market value (\$)	% of portfolio
High yield	1,495,926.74	2.39
Corporates	1,495,926.74	2.39
Non U.S. fixed income	541,185.00	0.86
Developed markets	541,185.00	0.86
Alternative strategies	0.00	0.00
Broad commodities	0.00	0.00
Real estate	0.00	0.00
Other	1,149,340.78	1.83
Balanced	1,149,340.78	1.83
U.S. balanced - unclassified	1,149,340.78	1.83
Total Portfolio	\$62,678,171.59	100%

Balanced mutual funds are allocated in the 'Other' category



Equity sector analysis

as of September 4, 2012

Summary of equity sector analysis compared to S&P 500 index

	Actual %	Model %	Value of equity (\$)	Model value (\$)	Gap (\$)	Actual (%)	Model (%)	Gap (%)
Consumer discretionary	15.80%	10.74%	5,625,300.44	3,824,690.84	1,800,609.60	15.80%	10.74%	5.06%
Energy	7.64%	10.77%	2,721,671.26	3,833,786.29	-1,112,115.03	7.64%	10.77%	-3.12%
Finance	4.82%	14.31%	1,718,091.41	5,097,434.41	-3,379,343.01	4.82%	14.31%	-9.49%
Health care	6.44%	11.60%	2,294,523.39	4,132,447.59	-1,837,924.20	6.44%	11.60%	-5.16%
Industrials	9.55%	9.73%	3,399,797.44	3,463,988.88	-64,191.43	9.55%	9.73%	-0.18%
Materials	8.58%	3.26%	3,054,644.83	1,162,173.65	1,892,471.18	8.58%	3.26%	5.31%
Staples	12.20%	12.16%	4,344,225.03	4,329,114.48	15,110.56	12.20%	12.16%	0.04%
Technology	27.62%	20.63%	9,835,844.46	7,346,988.19	2,488,856.27	27.62%	20.63%	6.99%
Telecommunications	0.42%	3.18%	150,230.08	1,130,791.85	-980,561.77	0.42%	3.18%	-2.75%
Utilities	6.93%	3.50%	2,468,246.67	1,246,073.32	1,222,173.36	6.93%	3.50%	3.43%
Total classified equity			\$35,612,575.01					
Unclassified securities			-36,718.39					

Rounding calculation may affect totals.



Equity sector analysis - as of September 4, 2012 (continued)

Details of equity sector analysis

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Consumer discretionary						
BED BATH & BEYOND INC CUSIP: 075896100 Symbol: BBBY	2,500.00	66.98	167,450.00 0.47%	High 0.84		Neutral (Rating Exception)
DECKERS OUTDOOR CORP CUSIP: 243537107 Symbol: DECK	10,000.00	48.58	485,800.00 1.36%	N/A		
DIRECTV CUSIP: 25490A309 Symbol: DTV	4,920.00	52.30	257,316.00 0.72%	Medium 0.85	Outperform	Neutral
GAMESTOP CORP NEW (HOLDING CO) CL A CUSIP: 36467W109 Symbol: GME	1,000.00	20.41	20,410.00 0.06%	N/A		
GENERAL MOTORS CO CUSIP: 37045V100 Symbol: GM	2,037.00	21.31	43,408.47 0.12%	Medium 1.41		Buy
GENUINE PARTS CO CUSIP: 372460105 Symbol: GPC	5,000.00	61.98	309,900.00 0.87%	N/A		
HILLENBRAND INC CUSIP: 431571108 Symbol: HI	5,000.00	18.16	90,800.00 0.25%	N/A		
JOS A BANK CLOTHIERS INC CUSIP: 480838101 Symbol: JOSB	5,000.00	48.48	242,400.00 0.68%	N/A		
MCDONALDS CORP CUSIP: 580135101 Symbol: MCD	8,100.00	89.05	721,305.00 2.03%	Low 0.59		Buy
OMNICOM GROUP INC CUSIP: 681919106 Symbol: OMC	8,000.00	51.63	413,040.00 1.16%	Low 1.06	Marketperform	Neutral (Rating Exception)
STARBUCKS CORP CUSIP: 855244109 Symbol: SBUX	5,000.00	49.51	247,550.00 0.70%	Medium 0.94		Buy
TRACTOR SUPPLY COMPANY CUSIP: 892356106 Symbol: TSCO	4,000.00	99.38	397,520.00 1.12%	N/A		
WTS GENERAL MOTORS CO EXP 07/10/16 CUSIP: 37045V118 Symbol: GMWSA	1,852.00	12.52	23,187.04 0.07%	N/A		
WTS GENERAL MOTORS CO EXP 07/10/19 CUSIP: 37045V126 Symbol: GMWSB	1,852.00	7.67	14,204.84 0.04%	N/A		
YUM! BRANDS INC CUSIP: 988498101 Symbol: YUM	27,800.00	62.98	1,750,844.00 4.92%	Low 0.83		Buy



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Consumer discretionary						
MUTUAL FUNDS COMPONENT			440,165.09			
(for further details see last section of this report)			1.24%			
Total consumer discretionary			\$5,625,300.44			15.80%
Energy						
CHEVRON CORP	16,900.00	111.22	1,879,618.00	Low	Marketperform	Buy
CUSIP: 166764100 Symbol: CVX			5.28%	0.82		
CLEAN ENERGY FUELS CORP	5,000.00	13.32	66,600.00			
CUSIP: 184499101 Symbol: CLNE			0.19%	N/A		
COPANO ENERGY LLC COM UNITS MLP	10,000.00	31.27	312,700.00	High		Neutral
CUSIP: 217202100 Symbol: CPNO			0.88%	0.94		
HESS CORP	2,000.00	49.65	99,300.00	High	Marketperform	Buy
CUSIP: 42809H107 Symbol: HES			0.28%	1.12		
SPECTRA ENERGY CORP	5,200.00	28.47	148,044.00	Low		Buy
CUSIP: 847560109 Symbol: SE			0.42%	0.89		
MUTUAL FUNDS COMPONENT			215,409.26			
(for further details see last section of this report)			0.60%			
Total energy			\$2,721,671.26			7.64%
Finance						
AMERICAN TOWER CORP REIT	5,000.00	70.78	353,900.00	Low	Outperform	Buy
CUSIP: 03027X100 Symbol: AMT			0.99%	0.66		
BANK OF AMER CORP	10,000.00	8.00	80,000.00	High	Marketperform	Neutral (Rating Exception)
CUSIP: 060505104 Symbol: BAC			0.22%	1.53		
BANK OF NOVA SCOTIA CANADA CAD	5,000.00	53.01	265,050.00	Low		Buy
CUSIP: 064149107 Symbol: BNS			0.74%	0.77		
CIT GROUP INC	9,162.00	38.18	349,805.16			
CUSIP: 125581801 Symbol: CIT			0.98%	N/A		
HARTFORD FINCL SERVICES GROUP INC	5,000.00	17.70	88,500.00	Medium		Buy
CUSIP: 416515104 Symbol: HIG			0.25%	1.92		
WELLS FARGO & CO NEW	5,000.00	33.80	169,000.00	Low	Outperform	Neutral
CUSIP: 949746101 Symbol: WFC			0.47%	1.02		



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Finance						
MUTUAL FUNDS COMPONENT (for further details see last section of this report)			411,836.25 1.16%			
Total finance			\$1,718,091.41 4.82%			
Health care						
BRUKER CORP CUSIP: 116794108 Symbol: BRKR	5,000.00	12.29	61,450.00 0.17%	High 1.12		Buy
CELGENE CORP CUSIP: 151020104 Symbol: CELG	4,000.00	72.07	288,280.00 0.81%	Medium 0.66	Outperform	Buy (Rating Exception)
MCKESSON CORP CUSIP: 58155Q103 Symbol: MCK	5,000.00	87.20	436,000.00 1.22%	Low 0.83	Outperform	Buy
PERRIGO COMPANY CUSIP: 714290103 Symbol: PRGO	5,000.00	110.64	553,200.00 1.55%	Low 0.66		Neutral
PFIZER INC CUSIP: 717081103 Symbol: PFE	7,000.00	23.78	166,425.00 0.47%	Low 0.74	Marketperform	Buy
TEVA PHARMACEUTICALS IND LTD ISRAEL ADR CUSIP: 881624209 Symbol: TEVA	9,000.00	39.70	357,300.00 1.00%	Low 0.68	Outperform	Buy
THORATEC CORP NEW CUSIP: 885175307 Symbol: THOR	5,000.00	34.50	172,500.00 0.48%	Medium 0.85		Neutral
MUTUAL FUNDS COMPONENT (for further details see last section of this report)			259,368.39 0.73%			
Total health care			\$2,294,523.39 6.44%			
Industrials						
AMERICAN SCIENCE & ENGINEERING INC CUSIP: 029429107 Symbol: ASEI	3,000.00	59.76	179,280.00 0.50%	N/A		
CATERPILLAR INC CUSIP: 149123101 Symbol: CAT	5,000.00	82.66	413,300.00 1.16%	Medium 1.40	Marketperform	Neutral
DANAHER CORP CUSIP: 235851102 Symbol: DHR	8,000.00	52.89	423,120.00 1.19%	Low 0.92	Outperform	Buy
GENL ELECTRIC CO CUSIP: 369604103 Symbol: GE	10,000.00	20.51	205,100.00 0.58%	Low 1.16	Marketperform	Buy



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Industrials						
HONEYWELL INTL INC CUSIP: 438516106 Symbol: HON	3,000.00	57.52	172,560.00 0.48%	Medium 1.09	Marketperform	Neutral
IDEX CORP CUSIP: 45167R104 Symbol: IEX	10,500.00	40.27	422,835.00 1.19%	Medium 1.08		Neutral
LENNOX INTL INC CUSIP: 526107107 Symbol: LII	5,000.00	47.99	239,950.00 0.67%	High 0.94		Neutral (Rating Exception)
PORTFOLIO RECOVERY ASSOC INC CUSIP: 73640Q105 Symbol: PRAA	5,000.00	101.72	508,600.00 1.43%	N/A		
WATSCO INC CUSIP: 942622200 Symbol: WSO	5,000.00	75.58	377,900.00 1.06%	Medium 0.84		Neutral (Rating Exception)
MUTUAL FUNDS COMPONENT (for further details see last section of this report)			457,152.44 1.28%			
Total industrials			\$3,399,797.44 9.55%			
Materials						
CLIFFS NAT RESOURCES INC CUSIP: 18683K101 Symbol: CLF	12,000.00	33.68	404,160.00 1.13%	High 1.68		Buy (Rating Exception)
FREEMPORT-MCMORAN COPPER & GOLD INC CUSIP: 35671D857 Symbol: FCX	20,000.00	35.62	712,400.00 2.00%	High 1.57	Outperform	Buy
PRAXAIR INC CUSIP: 74005P104 Symbol: PX	6,000.00	104.23	625,380.00 1.76%	N/A	Marketperform	
RIO TINTO PLC SPON ADR CUSIP: 767204100 Symbol: RIO	15,000.00	43.16	647,400.00 1.82%	High 1.00		Buy
SIGMA ALDRICH CORP CUSIP: 826552101 Symbol: SIAL	8,000.00	70.49	563,920.00 1.58%	Low 0.88		Buy (Rating Exception)
MUTUAL FUNDS COMPONENT (for further details see last section of this report)			101,384.83 0.28%			
Total materials			\$3,054,644.83 8.58%			
Staples						
COSTCO WHOLESALE CORP CUSIP: 22160K105 Symbol: COST	5,000.00	98.15	490,750.00 1.38%	Low 0.70	Marketperform	Neutral (Rating Exception)



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Staples						
DARLING INTL INC	10,000.00	17.01	170,100.00			
CUSIP: 237266101 Symbol: DAR			0.48%	N/A		
DIAGEO PLC NEW GB SPON ADR	2,000.00	111.24	222,480.00	Low		Buy (Rating Exception)
CUSIP: 25243Q205 Symbol: DEO			0.62%	0.82		
FLOWERS FOODS INC	7,500.00	20.66	154,950.00			
CUSIP: 343498101 Symbol: FLO			0.44%	N/A		
GENL MILLS INC	5,000.00	39.33	196,650.00	Low	Outperform	Neutral
CUSIP: 370334104 Symbol: GIS			0.55%	0.46		
GREEN MTN COFFEE ROASTERS INC	13,000.00	23.99	311,870.00			
CUSIP: 393122106 Symbol: GMCR			0.88%	N/A		
PEPSICO INC	22,000.00	72.48	1,594,560.00	Low	Marketperform	Neutral
CUSIP: 713448108 Symbol: PEP			4.48%	0.60		
PROCTER & GAMBLE CO	4,875.00	67.40	328,575.00	Low	Marketperform	Neutral
CUSIP: 742718109 Symbol: PG			0.92%	0.60		
SMUCKER J M CO NEW	4,000.00	86.04	344,160.00			
CUSIP: 832696405 Symbol: SJM			0.97%	N/A		
WALGREEN CO	5,000.00	35.70	178,500.00	Medium	Marketperform	Neutral
CUSIP: 931422109 Symbol: WAG			0.50%	0.93		
MUTUAL FUNDS COMPONENT			351,630.03			
(for further details see last section of this report)			0.99%			
Total staples			\$4,344,225.03			
			12.20%			
Technology						
APPLE INC	6,750.00	674.97	4,556,047.50	Medium	Outperform	Buy
CUSIP: 037833100 Symbol: AAPL			12.79%	1.01		
CORNING INC	3,000.00	11.91	35,730.00	Medium		Buy
CUSIP: 219350105 Symbol: GLW			0.10%	1.13		
EMC CORP MASS	17,000.00	26.35	447,950.00	Medium		Buy
CUSIP: 268648102 Symbol: EMC			1.26%	1.06		
FACTSET RESH SYSTEMS INC	2,000.00	93.95	187,900.00	Medium		Neutral
CUSIP: 303075105 Symbol: FDS			0.53%	0.93		
FISERV INC	5,000.00	71.47	357,350.00			
CUSIP: 337738108 Symbol: FISV			1.00%	0.90		



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Technology						
GLOBAL PAYMENTS INC	3,000.00	41.55	124,650.00			
CUSIP: 37940X102 Symbol: GPN			0.35%	N/A		
GOOGLE INC CL A	1,000.00	681.04	681,040.00	Low	Outperform	Not Rated
CUSIP: 38259P508 Symbol: GOOG			1.91%	N/A		
ORACLE CORP	10,000.00	31.57	315,700.00	Medium	Marketperform	Buy
CUSIP: 68389X105 Symbol: ORCL			0.89%	1.03		
VISA INC CL A	4,000.00	128.52	514,080.00	Low		Sell
CUSIP: 92826C839 Symbol: V			1.44%	0.81		
MUTUAL FUNDS COMPONENT			2,615,396.96			
(for further details see last section of this report)			7.34%			
Total technology			\$9,835,844.46			
			27.62%			
Telecommunications						
MUTUAL FUNDS COMPONENT			150,230.08			
(for further details see last section of this report)			0.42%			
Total telecommunications			\$150,230.08			
			0.42%			
Utilities						
DUKE ENERGY CORP NEW	8,841.00	64.81	572,985.21	Low	Marketperform	Neutral (Rating Exception)
CUSIP: 26441C204 Symbol: DUK			1.61%	0.49		
ONEOK INC NEW	30,000.00	45.00	1,350,000.00	Low		Buy
CUSIP: 682680103 Symbol: OKE			3.79%	0.90		
SCANA CORP NEW	5,000.00	47.90	239,500.00	Low		Neutral
CUSIP: 80589M102 Symbol: SCG			0.67%	0.61		
SOUTH JERSEY IND INC	5,000.00	51.36	256,800.00			
CUSIP: 838518108 Symbol: SJI			0.72%	N/A		
MUTUAL FUNDS COMPONENT			48,961.46			
(for further details see last section of this report)			0.14%			
Total utilities			\$2,468,246.67			
			6.93%			
Total classified equity			\$35,612,575.01			



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Unclassified securities						
CALL AMERICAN TOWER CORP DUE 10/20/12 75.000 050GW8 CUSIP: 99UBA8WC6 Symbol: AMT	-10.00	30.00	-300.00 %	N/A		
CALL APPLE INC DUE 09/22/12 755.000 030911 CUSIP: 99UBBLBQ8 Symbol: AAPL	-10.00	72.50	-725.00 %	N/A		
CALL BED BATH & BEYOND I DUE 11/17/12 70.000 303178 CUSIP: 99UBA1KK6 Symbol: BBBY	-10.00	229.00	-2,290.00 %	N/A		
CALL CATERPILLAR INC DUE 11/17/12 97.500 072991 CUSIP: 99UBAW8M8 Symbol: CAT	-10.00	40.00	-400.00 %	N/A		
CALL CELGENE CORP DUE 01/19/13 80.000 094889 CUSIP: 99UBAPCX4 Symbol: CELG	-10.00	185.00	-1,850.00 %	N/A		
CALL CHEVRON CORP DUE 12/22/12 115.000 0926P3 CUSIP: 99UBAQB13 Symbol: CVX	-10.00	266.00	-2,660.00 %	N/A		
CALL CIT GROUP INC DUE 01/19/13 55.000 068HJ1 CUSIP: 99UBA8T14 Symbol: CIT	-30.00	10.00	-300.00 %	N/A		
CALL CLEAN ENERGY FUELS DUE 12/22/12 23.000 1088G1 CUSIP: 99UBA9HB3 Symbol: CLNE	-20.00	10.00	-200.00 %	N/A		
CALL COPANO ENERGY LLC C DUE 11/17/12 35.000 1098G8 CUSIP: 99UBA9HQ0 Symbol: CPNO	-30.00	15.00	-450.00 %	N/A		
CALL COSTCO WHOLESALE CO DUE 10/20/12 100.000 0929G5 CUSIP: 99UBAI7G3 Symbol: COST	-10.00	157.50	-1,575.00 %	N/A		
CALL DANAHER CORP DUE 12/22/12 57.500 126250 CUSIP: 99UBBL932 Symbol: DHR	-30.00	82.50	-2,475.00 %	N/A		
CALL DARLING INTL INC DUE 01/19/13 17.500 194921 CUSIP: 99UBBQH6 Symbol: DAR	-10.00	110.00	-1,100.00 %	N/A		
CALL DIRECTV DUE 09/22/12 52.500 1277Z5 CUSIP: 99UBAV2E4 Symbol: DTV	-10.00	75.00	-750.00 %	N/A		
CALL EMC CORP MASS DUE 10/20/12 35.000 137499 CUSIP: 99UBBICB7 Symbol: EMC	-4.00	2.00	-8.00 %	N/A		
CALL FISERV INC DUE 09/22/12 75.000 159425 CUSIP: 99UBBAFD7 Symbol: FISV	-20.00	15.00	-300.00 %	N/A		
CALL FLOWERS FOODS INC DUE 10/20/12 25.000 1622K1 CUSIP: 99UBA9IH9 Symbol: FLO	-10.00	15.00	-150.00 %	N/A		
CALL GENL MILLS INC DUE 10/20/12 44.000 177105 CUSIP: 99UBA9IZ9 Symbol: GIS	-20.00	5.00	-100.00 %	N/A		



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Unclassified securities						
CALL GENUINE PARTS CO DUE 11/17/12 70.000 181455 CUSIP: 99UBBOYK0 Symbol: GPC	-10.00	15.00	-150.00 %	N/A		
CALL GLOBAL PAYMENTS INC DUE 11/17/12 55.000 1848N3 CUSIP: 99UBA9KD5 Symbol: GPN	-10.00	15.00	-150.00 %	N/A		
CALL GREEN MTN COFFEE DUE 09/22/12 35.000 3276A1 CUSIP: 99UBBO1P5 Symbol: GMCR	-30.00	4.00	-120.00 %	N/A		
CALL JOS A BANK CLOTHIER DUE 01/19/13 55.000 240478 CUSIP: 99UBA9KL7 Symbol: JOSB	-10.00	145.00	-1,450.00 %	N/A		
CALL LENNOX INTL INC DUE 12/22/12 55.000 2594N4 CUSIP: 99UBA9KN3 Symbol: LII	-10.00	100.00	-1,000.00 %	N/A		
CALL MCDONALDS CORP DUE 12/22/12 97.500 279676 CUSIP: 99UBAQX76 Symbol: MCD	-11.00	43.00	-473.00 %	N/A		
CALL MCKESSON CORP DUE 11/17/12 100.000 2805A8 CUSIP: 99UBBN8O3 Symbol: MCK	-10.00	20.00	-200.00 %	N/A		
CALL OMNICOM GROUP INC DUE 10/20/12 55.000 348929 CUSIP: 99UBAMN43 Symbol: OMC	-30.00	25.00	-750.00 %	N/A		
CALL ONEOK INC NEW DUE 01/19/13 46.250 3496G4 CUSIP: 99UBBQHY4 Symbol: OKE	-20.00	127.50	-2,550.00 %	N/A		
CALL ORACLE CORP DUE 09/22/12 35.000 353752 CUSIP: 99UBBKXS2 Symbol: ORCL	-30.00	2.50	-75.00 %	N/A		
CALL PEPSICO INC DUE 01/19/13 75.000 368024 CUSIP: 99UBA8916 Symbol: PEP	-20.00	106.00	-2,120.00 %	N/A		
CALL PERRIGO COMPANY DUE 11/17/12 120.000 363545 CUSIP: 99UBAL4N4 Symbol: PRGO	-10.00	147.50	-1,475.00 %	N/A		
CALL PORTFOLIO RECOVERY DUE 09/22/12 95.000 3803K6 CUSIP: 99UBA8RT5 Symbol: PRAA	-10.00	690.00	-6,900.00 %	N/A		
CALL PRAXAIR INC DUE 10/20/12 120.000 385344 CUSIP: 99UBBFQ44 Symbol: PX	-10.00	15.00	-150.00 %	N/A		
CALL PROCTER & GAMBLE CO DUE 10/20/12 72.500 383601 CUSIP: 99UBAMLK9 Symbol: PG	-18.00	4.00	-72.00 %	N/A		
CALL RIO TINTO PLC SPON DUE 10/20/12 55.000 4005C0 CUSIP: 99UBAM5U5 Symbol: RIO	-30.00	10.00	-300.00 %	N/A		
CALL SPECTRA ENERGY CORP DUE 12/22/12 33.000 433AH7 CUSIP: 99UBA9ME1 Symbol: SE	-22.00	10.00	-220.00 %	N/A		



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Unclassified securities						
CALL STARBUCKS CORP DUE 10/20/12 65.000 509736 CUSIP: 99UBAUAL1 Symbol: SBUX	-10.00	2.00	-20.00 %	N/A		
CALL TEVA PHARMACEUTICAL DUE 12/22/12 42.500 456748 CUSIP: 99UBAQ2X3 Symbol: TEVA	-10.00	77.00	-770.00 %	N/A		
CALL THORATEC CORP NEW DUE 10/20/12 38.000 4564C8 CUSIP: 99UBA4FZ3 Symbol: THOR	-10.00	37.50	-375.00 %	N/A		
CALL TRACTOR SUPPLY COMP DUE 01/19/13 110.000 4608B6 CUSIP: 99UBA8R16 Symbol: TSCO	-10.00	340.00	-3,400.00 %	N/A		
CALL VISA INC CL A DUE 12/22/12 150.000 488372 CUSIP: 99UBA8SU1 Symbol: V	-10.00	84.00	-840.00 %	N/A		
CALL WELLS FARGO & CO NE DUE 10/20/12 39.000 4971H5 CUSIP: 99UBBD237 Symbol: WFC	-10.00	4.00	-40.00 %	N/A		
MOTORS LIQ CO GUC TR UBI CUSIP: 62010U101 Symbol: MTLQU	511.00	14.51	7,414.61 %	N/A		
PUT APPLE INC DUE 11/17/12 475.000 030911 CUSIP: 99UBAL5I4 Symbol: AAPL	-10.00	114.50	-1,145.00 %	N/A		
PUT CELGENE CORP DUE 10/20/12 55.000 094889 CUSIP: 99UBA18W4 Symbol: CELG	-10.00	25.00	-250.00 %	N/A		
PUT CHEVRON CORP DUE 01/19/13 75.000 0926P3 CUSIP: 99UBD0AR1 Symbol: CVX	-30.00	55.00	-1,650.00 %	N/A		
PUT DECKERS OUTDOOR COR DUE 09/22/12 42.500 1243B0 CUSIP: 99UBANIP0 Symbol: DECK	-20.00	32.50	-650.00 %	N/A		
PUT DIAGEO PLC NEW GB S DUE 10/20/12 75.000 1157S0 CUSIP: 99UBA9ZV9 Symbol: DEO	-20.00	15.00	-300.00 %	N/A		
PUT FISERV INC DUE 09/22/12 60.000 159425 CUSIP: 99UBBLQS8 Symbol: FISV	-10.00	15.00	-150.00 %	N/A		
PUT GREEN MTN COFFEE DUE 09/22/12 17.000 3276A1 CUSIP: 99UBAOUN9 Symbol: GMCR	-10.00	7.50	-75.00 %	N/A		
PUT TRACTOR SUPPLY COMP DUE 01/19/13 55.000 4608B6 CUSIP: 99UBBQH65 Symbol: TSCO	-10.00	35.00	-350.00 %	N/A		
PUT VISA INC CL A DUE 12/22/12 90.000 488372 CUSIP: 99UBA8TP1 Symbol: V	-10.00	33.00	-330.00 %	N/A		
Total unclassified securities			\$-36,718.39			



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TZ 34595 • ERS Account • Defined Benefit
Risk profile: Moderate
Return objective: Current Income and Capital Appreciation

Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Total equity			\$35,575,856.62			

Balanced mutual funds are allocated in the 'Other' category



Equity sector analysis - as of September 4, 2012 (continued)

Mutual funds included in this report

	Number of shares	Price on Sep 04 (\$)	Total market value on Sep 04 (\$)	Equity market value on Sep 04 (\$)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
COLUMBIA SELIGMAN COMMUNICATION AND INFORMATION FUND A CUSIP: 19766H429 Symbol: SLMCX (100.00% Equity)	57,895.64	44.94	2,601,829.84	2,601,829.84			
INVESCO EUROPEAN GROWTH FUND CLASS A CUSIP: 008882854 Symbol: AEDAX (100.00% Equity)	25,760.92	31.57	813,272.37	813,272.37			
THORNBURG INTERNATIONAL VALUE FUND CLASS A CUSIP: 885215657 Symbol: TGVAX (100.00% Equity)	37,119.91	25.21	935,793.01	935,793.01			
AMER FUNDS CAPITAL WORLD GROWTH & INCOME FUND CL A CUSIP: 140543109 Symbol: CWGIX (100.00% Equity)	19,972.62	35.08	700,639.58	700,639.58			



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 Risk profile: Moderate
 Return objective: Current Income and Capital Appreciation

Bond summary

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities.

as of September 4, 2012

Bond overview

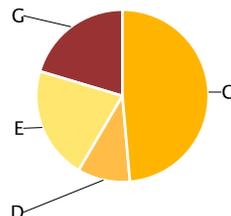
Total quantity	6,537,000
Total market value	\$7,002,478.61
Total accrued interest	\$49,131.23
Total market value plus accrued interest	\$7,051,609.84
Total estimated annual bond interest	\$264,951.30
Average coupon	6.00%
Average current yield	3.78%
Average yield to maturity	4.04%
Average yield to worst	4.04%
Average effective maturity	3.39

Investment type allocation

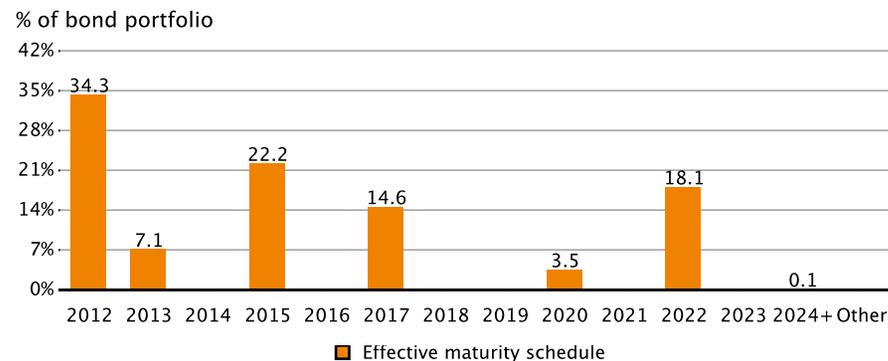
Investment type	Taxable (\$)	Tax-exempt / deferred (\$)	Total (\$)	% of bond port.
Foreign notes & bonds	0.00	541,185.00	541,185.00	7.67
U.S. corporates	0.00	5,090,444.84	5,090,444.84	72.19
U.S. treasuries	0.00	1,419,980.00	1,419,980.00	20.14
Total	\$0.00	\$7,051,609.84	\$7,051,609.84	100%

Credit quality of bond holdings

Insured credit rating	Issues	Value on Sep 04(\$)	% of port.
A Aaa/AAA/AAA	0	0.00	0.00
B Aa/AA/AA	0	0.00	0.00
C A/A/A	5	3,428,828.83	48.59
D Baa/BBB/BBB	2	699,274.27	9.86
E Non-investment grade	3	1,495,926.74	21.16
F Certificate of deposit	0	0.00	0.00
G Not rated	3	1,427,580.00	20.39
Total	13	\$7,051,609.84	100%



Bond maturity schedule



Cash, mutual funds and some preferred securities are not included.



Bond holdings

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities.

as of September 4, 2012

Summary of bond holdings

Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	Yield to maturity (%)	Yield to worst (%)	Adjusted cost basis (\$)	Unrlzd. gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2012	4	2,420,000	23,125.00	0.96%	3.58%	3.58%	2,124,762.47	278,532.53	2,404,515.49	34.32%
2013	1	500,000	33,750.00	6.77%	7.29%	7.29%	500,000.00	-1,640.00	511,391.25	7.12%
2014	0	0								
2015	3	1,500,000	62,744.95	4.04%	3.02%	3.02%	1,494,005.25	61,004.75	1,574,107.22	22.21%
2016	0	0								
2017	1	1,000,000	49,000.00	4.79%	4.32%	4.32%	1,000,000.00	23,390.00	1,025,976.11	14.61%
2018	0	0								
2019	0	0								
2020	1	200,000	18,750.00	7.57%	5.45%	5.45%	195,375.00	52,375.00	247,906.25	3.54%
2021	0	0								
2022	2	897,000	77,581.35	6.12%	3.58%	3.58%	880,875.00	386,198.61	1,280,113.52	18.09%
2023	0	0								
2024	0	0								
2025	0	0								
2026	0	0								
2027	0	0								
2028	0	0								
2029	0	0								
2030	0	0								
2031	0	0								
2032	0	0								
2033	1	20,000	0.00	0.00%	N/A	N/A	496,763.00	-489,163.00	7,600.00	0.11%
2034	0	0								
2035	0	0								
2036	0	0								
2037	0	0								
2038	0	0								
2039	0	0								
2040	0	0								
2041	0	0								
2041 +	0	0								
Other	0	0								
Total	13	6,537,000	\$264,951.30	3.78%	4.04%	4.04%	\$6,691,780.72	\$310,697.89	\$7,051,609.84	



Bond holdings - as of September 4, 2012 (continued)

Details of bond holdings

	Insured rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Total Bond Portfolio		6,537,000	6.00%	1/25/2016	NA	\$264,951.30 3.78%	4.04% 4.04%	\$6,691,780.72 \$310,697.89	NA	\$7,002,478.61 \$49,131.23 \$7,051,609.84	100%

	Insured rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2012											
UNITED STATES TREAS BILL DUE 09/06/12	NR/NR/NR	420,000		9/6/2012			0.05%	419,968.29	100.000	420,000.00	6.00%
UNITED STATES TREAS BILL DUE 09/13/12	NR/NR/NR	1,000,000		9/13/2012			0.08%	999,794.18	99.998	999,980.00	14.28%
GMAC INC ZERO CPN B/E 00.000%	B1/BB-/B+	500,000		12/1/2012			4.18%	205,000.00	99.000	495,000.00	7.07%
120112 DTD120982 FC120112	NR/NR/NR						4.18%	290,000.00		0.00	
AMERICAN GENL FIN CORP 04.625%	Caa1/CCC/CCC	500,000	4.62%	12/15/2012		23,125.00	13.15%	500,000.00	97.663	488,315.00	6.97%
121512 DTD121803 FC011504 NTS	NR/NR/NR					4.74%	13.15%	-11,685.00		1,220.49	
Total 2012		2,420,000	4.62%	10/17/2012		\$23,125.00 0.96%	3.58% 3.58%	\$2,124,762.47 \$278,532.53		\$2,403,295.00 \$1,220.49	34.32%
Maturing 2013											
GENL MOTORS ACCEPT 06.750%	B1/BB-/B+	500,000	6.75%	4/15/2013	10/15/2012	33,750.00	7.29%	500,000.00	99.672	498,360.00	7.12%
041513 DTD041503 FC101503 CALLABLE	NR/NR/NR				100.000	6.77%	7.29%	-1,640.00		13,031.25	
Total 2013		500,000	6.75%	4/15/2013		\$33,750.00 6.77%	7.29% 7.29%	\$500,000.00 \$-1,640.00		\$498,360.00 \$13,031.25	7.12%
Maturing 2015											
ROYAL BANK OF SCOTLAND 04.875% 031615 DTD031610 FC091610 PLC NTS B/E	A3/A/A NR/NR/NR	500,000	4.88%	3/16/2015		24,375.00 4.60%	N/A N/A	494,005.25 35,804.75	105.962	529,810.00 11,375.00	7.57%
BANK OF AMER INTERNOTES 04.000% 041515 DTD042910 FC101510 NTS B/E	Baa2/A/A- NR/NR/NR	500,000	4.00%	4/15/2015		20,000.00 3.90%	3.02% 3.02%	500,000.00 12,260.00	102.452	512,260.00 7,722.22	7.32%



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 Return objective: Current Income and Capital Appreciation

Bond holdings - as of September 4, 2012 (continued)

	Insured rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2015											
PRUDENTIAL FINL NOTES 03.673%	Baa2/NR/A	500,000	3.67%	11/10/2015		18,369.95	N/A	500,000.00	102.588	512,940.00	7.33%
111015 DTD111705 FLT VS YOY CPI-U +201BPS	NR/NR/NR					3.58%	N/A	12,940.00		0.00	
Total 2015		1,500,000	4.19%	6/13/2015		\$62,744.95 4.04%	3.02% 3.02%	\$1,494,005.25 \$61,004.75		\$1,555,010.00 \$19,097.22	22.21%
Maturing 2017											
BANK OF AMER INTERNOTES 04.900% 021517 DTD021910 FC081510 NTS B/E	Baa2/A/A- NR/NR/NR	1,000,000	4.90%	2/15/2017		49,000.00 4.79%	4.32% 4.32%	1,000,000.00 23,390.00	102.339	1,023,390.00 2,586.11	14.61%
Total 2017		1,000,000	4.90%	2/15/2017		\$49,000.00 4.79%	4.32% 4.32%	\$1,000,000.00 \$23,390.00		\$1,023,390.00 \$2,586.11	14.61%
Maturing 2020											
FORD HOLDING INC DEB 09.375% 030120 DTD030190 FC090190	Baa3/BBB-/BB+ NR/NR/NR	200,000	9.38%	3/1/2020		18,750.00 7.57%	5.45% 5.45%	195,375.00 52,375.00	123.875	247,750.00 156.25	3.54%
Total 2020		200,000	9.38%	3/1/2020		\$18,750.00 7.57%	5.45% 5.45%	\$195,375.00 \$52,375.00		\$247,750.00 \$156.25	3.54%
Maturing 2022											
ATLANTIC RICHFIELD CO 08.250% 020122 DTD020192 FC080192 DEBS	A2/A/A NR/NR/NR	600,000	8.25%	2/1/2022		49,500.00 6.01%	3.54% 3.54%	587,250.00 236,958.00	137.368	824,208.00 4,537.50	11.77%
AT&T BROADBAND CORP 09.455% 111522 DTD111802 FC051503 GLOBAL B/E	Baa1/BBB+/BBB+ NR/NR/NR	297,000	9.46%	11/15/2022		28,081.35 6.34%	3.64% 3.64%	293,625.00 149,240.61	149.113	442,865.61 8,502.41	6.32%
Total 2022		897,000	8.67%	5/13/2022		\$77,581.35 6.12%	3.58% 3.58%	\$880,875.00 \$386,198.61		\$1,267,073.61 \$13,039.91	18.09%
Maturing 2033											
ESCROW GENERAL MTRS CORP 6.250% SER C DUE 07/15/33 CALLBL CONV	WR/NR/NR NR/NR/NR	20,000	6.25%	7/15/2033	7/20/2013 25.521		N/A N/A	496,763.00 -489,163.00	0.380	7,600.00 0.00	0.11%
Total 2033		20,000	6.25%	7/15/2033		\$0.00 0.00%	N/A N/A	\$496,763.00 -\$489,163.00		\$7,600.00 \$0.00	0.11%



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Bond holdings - as of September 4, 2012 (continued)

	Insured rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Total Bond Portfolio		6,537,000	6.00%	1/25/2016	NA	\$264,951.30 3.78%	4.04% 4.04%	\$6,691,780.72 \$310,697.89	NA	\$7,002,478.61 \$49,131.23 \$7,051,609.84	100%



Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. This report presents information since December 31, 2002. This report does not include complete account activity or performance of your accounts before this date. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS Financial Services Inc. accounts statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports.

UBS Financial Services Inc. offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including comprehensive financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provide detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

Please review the report content carefully and contact your Financial Advisor with any questions.

The account listing may or may not include all of your accounts with UBS Financial Services Inc. The accounts included in this report are listed under the "Accounts included in this review" shown on the cover page.

Mutual Fund Asset Allocation: If the option to unbundle balanced mutual funds is selected and if a fund's holdings data is available, mutual funds will be classified by the asset class, subclass, and style breakdown of their underlying holdings. Where a mutual fund or ETF contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the fund to those sectors measured as a percentage of the total fund's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a monthly basis to UBS Financial Services, Inc based on data supplied by the fund which may not be current.

Mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, any analysis that includes mutual funds may not accurately reflect the current composition of these funds. If a fund's underlying holding data is not available, it will be classified based on its corresponding overall Morningstar classification. All data is as of the date indicated in the report.

Accrued Interest: Interest that has accumulated between the most recent payment and the report date may be reflected in market values for interest bearing securities.

Current Yield: Current yield is defined as the estimated annual income divided by the total market value.

Tax Status: "Taxable" includes all securities held in a taxable account that are subject to federal and/or state or local taxation. "Tax-exempt" includes all securities held in a taxable account that are exempt from federal, state and local taxation. "Tax-deferred" includes all securities held in a tax-deferred account, regardless of the status of the security.

Expected Cash Flow reporting for Puerto Rico Income Tax Purposes: Expected Cash Flow reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received expected cash flow reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers. Neither UBS Financial Services Inc. nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

Margin: The quantity value may indicate that all or part of this position is held on margin or held in the short account. When an account holds a debit balance, this debit balance is incorporated into the account's total market value and deducted from the total value. When calculating the percent of portfolio on each security, the percentage will be impacted by the total market value of the account. Therefore, if the account's market value is reduced by a debit value of a holding the percent of portfolio will be greater and if the account's market value is increased by a holding then the percent of portfolio will be less.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS Financial Services Inc. More information is available upon request.

Chart: If a chart is selected and the allocations presented above display percent of portfolio, the allocations are calculated as a percentage of your total portfolio. Your total portfolio, for this purpose, includes all holdings held in the account(s) selected when this report was generated.

If a chart is selected and the allocations presented above display percent of broad asset class, the allocations are calculated as a percentage of your holdings in that broad asset class. Your total broad asset class, for this purpose, includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Tax Lots: This report displays security tax lots as one line item (i.e., lumped tax lots). The total cost equals the total value of all tax lots. The unit cost is an average of the total cost divided by the total number of shares. If the shares were purchased in different lots, the unit price listed does not represent the actual cost paid for each lot. The unrealized gain/loss value is calculated by combining the total value of all tax lots + or - the total market value of the security.

Percentage: Portfolio (in the "% Portfolio" column) includes all holdings held in the account(s) selected when this report was generated.

Broad asset class (in the "% broad asset class" column) includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Portfolio: Portfolio for purposes of this report is defined as all the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS Financial Services Inc.

Gain/Loss: The gain/loss information may include calculations based upon non-UBS Financial Services Inc. cost basis information. The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS Financial Services Inc. In addition, if this report contains positions with unavailable cost basis, the gain/(loss) for

these positions are excluded in the calculation for the Gain/(Loss). As a result these figures may not be accurate and are provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. Rely only on year-end tax forms when preparing your tax return. See your monthly statement for additional information.

Fixed Income: Fixed income instruments are classified as short term if they have a maturity date less than or equal to 3 years and intermediate term if they have a maturity date between 3 to 10 years. Instruments with maturity dates longer than 10 years are classified as long-term instruments. Unclassified instruments are those for which no maturity date is available or applicable.

Bond: The term "Bond" refers to all fixed interest bearing securities issued by public and private entities where the issuer owes the holders interest and/or principal at a specified later date. This term does not include mutual funds. These securities are subject to market risk and interest rate risk. If sold in the secondary market prior to maturity, investors may experience a gain or loss depending on interest rates, market conditions and the credit quality of the issuer.

Call Date/Call Price: Bonds may have multiple call dates and multiple call prices. All call dates and call prices displayed in this report refer to the bond's next call.

Yields: Yield to Maturity and Yield to Worst are calculated to the worst call.

Insured/Underlying Rating: Where a rating does not exist for a particular agency, the report will display NR.

Averages: All averages are weighted averages calculated based on market value of the holding, not including accrued interest.

Call Provisions: When evaluating the purchase of a corporate bond, one should be aware of any features that may allow the issuer to call the security. This is particularly important when considering an issue that is trading at a premium to its call price, since the return may be negatively impacted if the issue is redeemed. Should an issue be called, investors may be faced with an earlier than anticipated reinvestment decision, and may be unable to reinvest their principal at equally favorable rates.

Interest Rate Risk: Corporate bonds are subject to market value fluctuations as interest rates rise and fall. If



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

sold prior to maturity, the price received for an issue may be less than the original purchase price.

Reinvestment Risk: Since most corporate issues pay interest semiannually, the reinvestment of coupon payments over the life of the bond can have a major impact on the bond's total return.

Credit/Event Risk: Corporate investments are subject to event risk and changes in credit quality of the issuer. Companies can experience increased competition, takeovers and other economic situations that may have adverse effects on the market value of their securities.

Classified Equity: Classified equities are defined as those equities for which the firm can confirm the specific industry and sector of the underlying equity instrument.

Equity: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Equity: This analysis may include a variety of accounts, each with different investment and risk parameters. As a result, the overweighting or underweighting in a particular sector or asset class should not be viewed as an isolated factor in making investment/liquidation decisions; but should be assessed on an account by account basis to determine the overall impact on the account's portfolio.

Cash Flow: This Cash Flow analysis is based on the historical dividend, coupon and interest payments you have received as of the Record Date in connection with the securities listed and assumes that you will continue

to hold the securities for the periods for which cash flows are projected. The attached may or may not include principal paybacks for the securities listed. These potential cash flows are subject to change due to a variety of reasons, including but not limited to, contractual provisions, changes in corporate policies, changes in the value of the underlying securities and interest rate fluctuations. The effect of a call on any security(s) and the consequential impact on its potential cash flow(s) is not reflected in this report. Payments that occur in the same month in which the report is generated -- but prior to the report run ("As of") date -- are not reflected in this report. In determining the potential cash flows, UBS Financial Services Inc. relies on information obtained from third party services it believes to be reliable. UBS Financial Services Inc. does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Although UBS Financial Services Inc. generally updates this information as it is received, the Firm does not provide any assurances that the information listed is accurate as of the Record Date. Cash flows for mortgage-backed, asset-backed, factored, and other pass-through securities are based on the assumptions that the current face amount, principal pay-down, interest payment and payment frequency remain constant. Calculations may include principal payments, are intended to be an estimate of future projected interest cash flows and do not in any way guarantee accuracy. Mortgage-backed, asset-backed, factored, and other pass-through securities have dynamic cash flows which may vary from month to month.

Income: The Estimated Annual Income is the annualized year to date per share dividends paid and multiplied by the quantity of shares held in the selected account(s).

Investment Grades: This report may designate a security as a high yield fixed income security even though one or more rating agencies rate the security as an investment grade security. Further, this report may incorporate a rating that is no longer current with the rating agency. For more information about the rating for any high yield fixed income security, or to consider whether to hold or sell a high yield fixed income security, please contact your financial advisor or representative and do not make any investment decision based on this report.

Gain/Loss reporting for Puerto Rico Income Tax Purposes: Gain/(Loss) reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received gain/(loss) reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Pursuant to the Puerto Rico Internal

Revenue Code (PRIRC) long-term capital gains are derived from the sale or exchange of capital assets held longer than six (6) months. For the purposes of this report only, long term gains and losses are represented by assets held for a period of more than six (6) months. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers for purposes other than determining realized gain/loss for Puerto Rico income tax purposes. Neither UBS Financial Services Inc. nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

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Indexing: For comparison purposes we have used up to five general broad market indices. These indices were selected to demonstrate the performance of broad market indicators that are readily recognized rather than for direct performance comparisons against the accounts listed. Depending on the composition of your portfolio and your investment objectives, these indices may not be an appropriate measure for comparison purposes and as such, are presented for illustration only. Generally, these indices, such as the S&P 500 index, assume no management, custody, transaction or other expenses, and assume reinvestment of dividends and capital gains. As a consequence, performance of selected indices may be more or less volatile than any accounts used in this report. The past performance of the indices is not a guarantee of future results. Represented in this report are: U.S. Treasury Bill (USTB) - which represents the 3 month return for Treasury Bills issued by the United States Government; the Barclays

Capital Aggregate Bond Index (LBAG) - which is composed of securities from Barclays Capital government/corporate bond index, mortgage-backed securities index, and the asset-backed securities index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. This index is rebalanced monthly by market capitalization; the S&P 500 (SP500) index - which covers 500 industrial, utility, transportation, and financial companies of the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market capitalization and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total return basis without dividends reinvested. If benchmark information is not available at the time this report was run, NA will be displayed. We reserve the right to substitute indices or display only those indices for which current updated information is available in order to ensure the accuracy and completeness of these reports.

Index Volatility: Performance of certain indices may be presented in comparison to account information. Generally, these indices, such as the S&P 500 Index, assume no management, custody, transaction or other expenses, and assume reinvestment of dividends and capital gains. In addition, these indices may have been selected to demonstrate the performance of broad market indicators that are readily recognized rather than for direct performance comparisons against the accounts shown on the report. As a consequence, performance of selected indices may be more or less volatile than any account or accounts and comparative value may be minimal. The use of any market index (such as the S&P 500) in this report is intended for illustrative purposes only as a general reference to a broad market, and not as an accurate performance comparison. Certain accounts consolidated on this report may have separate performance monitors designed to accurately reflect performance.

Annualized Performance: All performance periods greater than one year are calculated (unless otherwise stated) on an annualized basis, which represents the return on an investment multiplied or divided to give a comparable one year return.

Fees: Fees represented in this report include program and wrap fees. Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement are not included in this report. Commissions are not included in the fees calculation.

Performance: This report presents accounts activity and performance starting December 31, 2002. For accounts opened prior to 12/31/02, this report does not include the complete accounts activity or performance of your



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

accounts prior to that date. Information for accounts opened after 12/31/02 is reported as of the month end date of the first month of activity in the accounts. For consolidated reports the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, quarter to date, year to date or performance to date), the individual's net of fee time weighted return will not be displayed. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from the carrier.

Client Accounts: This report includes all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs. For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Net Deposits/Withdrawals: When shown on a report, this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program fees (including wrap fees). When investment return is displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS Financial Services Inc. price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts

billing arrangement.

Dividends/Interest: Dividend and interest earned, when shown on a report, this information does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e. 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Accruals: When shown on a report, this information represents the difference between the accrued interest at the beginning of the period from the accrued interest at the end of the period.

Change in market value (Investment appreciation/depreciation): Represents the change in value of the portfolio during the reporting period, excluding additions/withdrawals, dividend and interest income earned and accrued interest.

Market Value: When shown on a report, represents the total value at the end of the performance period minus total security value at the beginning of the performance period.

Time-weighted Returns: This report displays a time weighted rate of return, a methodology that calculates a portfolio's return by linking equal-weighted monthly returns together. The monthly return is calculated using the Modified Dietz formula. This calculation uses the beginning and ending portfolio values for the month and weighs each contribution/withdrawal by the amount of time invested.

Money-weighted Returns: Money-weighted return is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the rate of return that will set the present values of all cash flows and terminal values equal to the value of all cash flows and terminal values equal to the value of the initial investment. Money-weighted rate of return incorporates the size and timing of cash flows, so it is an effective measure for returns on a portfolio.

Net of Fees: The information is shown net of fees and commission charges to your accounts for the time period shown. For example, if your accounts are charged an asset based fee during the month the report is produced, performance information would reflect deduction of those fees. Please see your program documents regarding fee schedules.

Net of Fees and Gross of Fees Returns: Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect

Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance.

Performance Start Date Changes: The Performance Start Date for accounts marked with a '^' have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS Financial Services Inc. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS Financial Services Inc. recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest available inception date.

The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

Closed Accounts: Accounts that have been closed may be included in the consolidated performance report. When closed accounts are included in the consolidated report, the performance report will only include information for the time period the account was active during the consolidated performance reporting time period.

Research Rating: UBS Wealth Management Research is written by UBS Wealth Management Americas and UBS

Wealth Management & Swiss Bank, and UBS Investment Research is written by UBS Investment Bank. Both UBS research providers employ their own ratings systems, methodologies and assumptions and may publish research views that are inconsistent with each other. For more information about each research source, please go to UBS Online Services or ask your Financial Advisor.

Beta: A measure of sensitivity of a portfolio of equities in relation to market movements. Beta measures the covariance of a portfolio in relation to the rest of the stock market as measured by a benchmark index. A portfolio with a higher beta would be expected to rise and fall further than the market. A portfolio with a low beta (less than 1) indicates that it would be expected to rise and fall less than the market.

Volatility Bands: Volatility bands provide a quantitative analysis of a stock's historic price fluctuations. Volatility is defined as the standard deviation (a measure of dispersion around an average) of one year of weekly returns, weighted more heavily toward the most recent dates. The stock volatilities are banded into High, Medium and Low categories and are determined from looking at an unweighted basket of Dow Jones Global Index constituents divided into three equal parts. The volatility bands are provided for informational purposes only.

Accounts: Security Holdings (in the "Percent of Equity" column) includes all equity holdings held in the account(s) selected when this report was generated.

UBS Wealth Management Research Rating: Under Review The Wealth Management Research Relative Sector Rating for this stock has been placed Under Review by the analyst.

UBS Investment Research Rating: Rating Exception The rating for this stock may have been placed Under Review by the analyst, or may have an exception to the core rating bands. For further information, please refer to the "Research Rating Exceptions" daily report or contact your financial advisor or representative.

UBS Investment Research Rating: Suspended Recommendation and price target information temporarily suspended due to restriction or pending review. For further information please refer to the "Research Rating Exceptions" daily report or contact your financial advisor or representative.

Rating: These ratings are obtained from independent industry sources and are not verified by UBS Financial Services Inc. Securities without rating information are left blank. Rating agencies may discontinue ratings on high yield securities.



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

Effective Maturity: Effective maturity is the expected redemption due to pre-refunding, puts, or maturity and does not reflect any sinking fund activity, optional or extraordinary calls. Securities without a maturity date are left blank and typically include Preferred Securities, Mutual Funds and Fixed Income UITs.

Reinvested Dividends: Total reinvested is the total of all reinvested dividends. It does not include any cash dividends. It is not a tax lot for the purposes of determining holding periods or cost basis. The shares you receive each time you reinvest dividends become a separate tax lot.

Important information for former Piper Jaffray clients: As an accommodation to former Piper Jaffray clients, these reports include performance history for their Piper Jaffray accounts prior to August 12, 2006, the date Piper Jaffray accounts were converted to UBS Financial Services. UBS Financial Services has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

Important information for former McDonald Investments clients: As an accommodation to former McDonald Investments clients, these reports include performance history for their McDonald Investments accounts prior to February 9, 2007, the date McDonald Investments accounts were converted to UBS Financial Services. UBS Financial Services has not independently verified this information nor do we make any representations or warranties as to the accuracy or completeness of that information and will not be liable to you if any such information is unavailable, delayed or inaccurate.

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Custom Time Periods: If represented on this report, the performance start date and the performance end date have been selected by your Financial Advisor in order to provide performance and account activity information for your account for the specified period of time only. As a result only a portion of your account's activity and performance information is presented in the

performance report, and, therefore, presents a distorted representation of your account's activity and performance.

Investors outside the U.S. are subject to securities and tax regulations within their applicable jurisdiction that are not addressed in this report. Nothing in this report shall be construed to be a solicitation to buy or offer to sell any security, product or service to any non-U.S. investor, nor shall any such security, product or service be solicited, offered or sold in any jurisdiction where such activity would be contrary to the securities laws or other local laws and regulations or would subject UBS to any registration requirement within such jurisdiction.

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UBS Client Review

As of September 4, 2012

Prepared for

CITY OF TROY
 EMPLOYEES RETIREMENT
 SYSTEMS NAIC

Accounts included in this review

Account	Name	Type
TZ 34600	• CITY OF TROY EMPLOYEES RETIREMENT	• Defined Benefit
Risk profile:	Moderate	
Return objective:	Current Income and Capital Appreciation	

What's inside

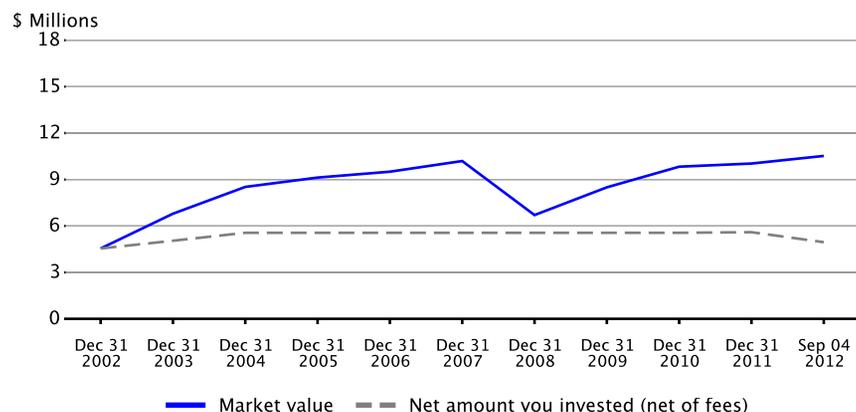
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Performance review

as of September 4, 2012

Sources of portfolio value

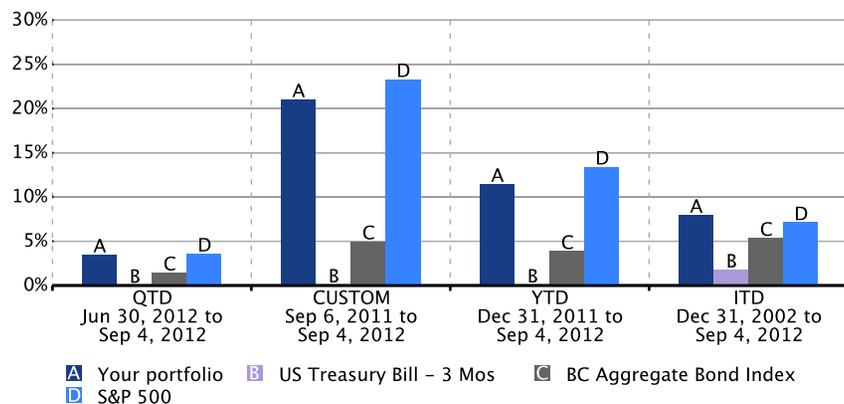


Portfolio value and investment returns

	Performance returns (annualized > 1 year)			
	QTD Jun 30, 2012 to Sep 4, 2012	For period of Sep 6, 2011 to Sep 4, 2012	YTD Dec 31, 2011 to Sep 4, 2012	ITD Dec 31, 2002 to Sep 4, 2012
Opening value	10,174,099.42	9,240,749.88	10,033,601.83	4,545,750.56
Net deposits/withdrawals	0.00	-646,457.00	-646,257.00	405,496.65
Div./interest income	21,597.48	116,868.36	78,741.41	849,178.73
Change in accr. interest	0.00	0.00	0.00	0.00
Change in market value	329,687.00	1,814,222.66	1,059,297.66	4,724,957.96
Closing value	10,525,383.90	10,525,383.90	10,525,383.90	10,525,383.90
Net Time-weighted ROR	3.45	20.99	11.43	7.93

Net deposits and withdrawals include program and account fees.

Portfolio and selected benchmark returns



Time weighted rates of return (net of fees)

	Performance returns (annualized > 1 year)			
	QTD Jun 30, 2012 to Sep 4, 2012	For period of Sep 6, 2011 to Sep 4, 2012	YTD Dec 31, 2011 to Sep 4, 2012	ITD Dec 31, 2002 to Sep 4, 2012
Your portfolio	3.45%	20.99%	11.43%	7.93%
Cash and Cash Alt				
US Treasury Bill - 3 Mos	0.01	0.05	0.04	1.74
Fixed Income				
BC Aggregate Bond Index	1.42	4.93	3.83	5.32
Equities				
S&P 500	3.55	23.27	13.38	7.09

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.



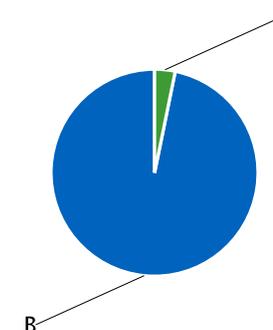
Portfolio holdings

as of September 4, 2012

Summary of portfolio holdings

	Cost basis (\$)	Value on Sep 04 (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of portfolio
A Cash and cash alternatives	338,723.30	338,723.30	0.00	0.00%	0.00	0.00%	3.22%
U.S. cash	338,723.30	338,723.30	0.00	0.00%	0.00	0.00%	3.22%
B Equities	6,054,635.53	10,186,660.60	4,132,025.07	68.25%	117,930.29	1.16%	96.78%
U.S. equity	5,457,764.25	9,479,140.60	4,021,376.35	73.68%	107,730.00	1.14%	90.06%
Non U.S. equity	596,871.28	707,520.00	110,648.72	18.54%	10,200.29	1.44%	6.72%
C Fixed income	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00%
D Alternative strategies	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00%
E Broad commodities	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00%
F Real estate	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00%
G Other	0.00	0.00	0.00	0.00%	0.00	0.00%	0.00%
Total Portfolio	\$6,393,358.83	\$10,525,383.90	\$4,132,025.07	64.63%	\$117,930.29	1.12%	100%

Balanced mutual funds are allocated in the 'Other' category





Portfolio holdings - as of September 4, 2012 (continued)

Details of portfolio holdings

				Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of asset class	% of portfolio
Total Portfolio				\$6,393,358.83	\$10,525,383.90	\$4,132,025.07	64.63%	\$117,930.29	1.12%	100%	100%
Cash and cash alternatives											
	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of cash	% of portfolio
U.S. cash											
RMA MONEY MKT. PORTFOLIO	332,813.93	1.00	1.00	332,813.93	332,813.93	0.00	0.00%			98.26%	3.16%
USD CASH	5,909.37	1.00	1.00	5,909.37	5,909.37	0.00	0.00%	0.00	0.00%	1.74%	0.06%
Total U.S. cash				\$338,723.30	\$338,723.30	\$0.00	0.00%	\$0.00	0.00%	100.00%	3.22%
Total Cash and cash alternatives				\$338,723.30	\$338,723.30	\$0.00	0.00%	\$0.00	0.00%	100%	3.22%
Equities											
	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of equity	% of portfolio
U.S. equity											
ABBOTT LABS	4,000.00	43.76	65.46	175,020.67	261,840.00	86,819.33	49.61%	8,160.00	3.12%	2.57%	2.49%
AECOM TECHNOLOGY CORP	3,000.00	29.49	19.70	88,460.70	59,100.00	-29,360.70	-33.19%			0.58%	0.56%
AFLAC INC	7,000.00	43.72	46.50	306,067.90	325,500.00	19,432.10	6.35%	9,240.00	2.84%	3.20%	3.09%
ALMOST FAMILY INC	2,000.00	27.28	22.15	54,566.15	44,300.00	-10,266.15	-18.81%			0.43%	0.42%
AUTOMATIC DATA PROCESSNG INC	2,000.00	33.34	58.10	66,672.80	116,200.00	49,527.20	74.28%	3,160.00	2.72%	1.14%	1.10%
BIO REFERENCE LAB INC NEW NEW	2,000.00	22.16	27.19	44,318.95	54,380.00	10,061.05	22.70%			0.53%	0.52%
BRUKER CORP	2,000.00	19.05	12.29	38,107.71	24,580.00	-13,527.71	-35.50%			0.24%	0.23%
CELGENE CORP	2,000.00	59.03	72.07	118,056.25	144,140.00	26,083.75	22.09%			1.41%	1.37%
COACH INC	1,000.00	31.10	57.47	31,095.92	57,470.00	26,374.08	84.82%	1,200.00	2.09%	0.56%	0.55%
COGNEX CORP	2,000.00	33.67	36.42	67,345.65	72,840.00	5,494.35	8.16%	880.00	1.21%	0.72%	0.69%
DANAHER CORP	8,000.00	14.65	52.89	117,224.25	423,120.00	305,895.75	260.95%	800.00	0.19%	4.15%	4.02%
EBAY INC	10,000.00	33.32	47.36	333,170.85	473,550.00	140,379.15	42.13%			4.65%	4.50%
EMC CORP MASS	6,000.00	13.50	26.35	81,014.00	158,100.00	77,086.00	95.15%			1.55%	1.50%
EMERSON ELECTRIC CO	4,000.00	23.56	49.84	94,240.25	199,360.00	105,119.75	111.54%	6,400.00	3.21%	1.96%	1.89%
EXPRESS SCRIPTS HLDG CO	1,620.00	56.20	63.06	91,052.10	102,149.10	11,097.00	12.19%			1.00%	0.97%
FACTSET RESH SYSTEMS INC	3,000.00	15.62	93.95	46,870.25	281,850.00	234,979.75	501.34%	3,720.00	1.32%	2.77%	2.68%
FASTENAL CO	8,000.00	7.27	43.37	58,125.00	346,960.00	288,835.00	496.92%	6,080.00	1.75%	3.41%	3.30%
FISERV INC	3,000.00	38.44	71.47	115,329.50	214,410.00	99,080.50	85.91%			2.10%	2.04%



Prepared for CITY OF TROY
 TZ 34600 • CITY OF TROY EMPLOYEES RETIREMENT • Defined Benefit
 Risk profile: Moderate
 Return objective: Current Income and Capital Appreciation

Portfolio holdings - as of September 4, 2012 (continued)

Equities	Quantity	Avg. purchase price (\$)	Price on Sep 04 (\$)	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of equity	% of portfolio
U.S. equity											
FRANKLIN RESOURCES INC	2,000.00	87.53	117.59	175,059.24	235,180.00	60,120.76	34.34%	2,160.00	0.92%	2.31%	2.23%
GAMESTOP CORP NEW (HOLDING CO) CL A	4,000.00	25.35	20.41	101,408.50	81,640.00	-19,768.50	-19.49%	4,000.00	4.90%	0.80%	0.78%
GILEAD SCIENCES INC	7,000.00	44.10	58.01	308,721.43	406,070.00	97,348.57	31.53%			3.99%	3.86%
GLOBAL PAYMENTS INC	2,000.00	39.39	41.55	78,788.25	83,100.00	4,311.75	5.47%	160.00	0.19%	0.82%	0.79%
HCC INSURANCE HLDGS INC	2,000.00	28.56	33.48	57,122.57	66,960.00	9,837.43	17.22%	1,320.00	1.97%	0.66%	0.64%
IDEX CORP	2,250.00	12.33	40.27	27,750.00	90,607.50	62,857.50	226.51%	1,800.00	1.99%	0.89%	0.86%
LABORATORY CORP AMER HLDGS NEW	5,000.00	64.44	88.26	322,221.10	441,300.00	119,078.90	36.96%			4.33%	4.19%
LKQ CORP NEW	2,000.00	18.50	38.40	36,990.75	76,800.00	39,809.25	107.62%			0.75%	0.73%
MEDNAX INC	2,000.00	65.98	70.69	131,968.56	141,380.00	9,411.44	7.13%			1.39%	1.34%
MEDTRONIC INC	10,000.00	50.10	41.21	501,012.30	412,100.00	-88,912.30	-17.75%	10,400.00	2.52%	4.05%	3.92%
NEUSTAR INC CL A	4,000.00	22.50	38.42	90,011.90	153,680.00	63,668.10	70.73%			1.51%	1.46%
O REILLY AUTOMOTIVE INC	4,000.00	18.22	83.42	72,891.40	333,680.00	260,788.60	357.78%			3.28%	3.17%
OMNICOM GROUP INC	4,000.00	41.81	51.63	167,220.25	206,520.00	39,299.75	23.50%	4,800.00	2.32%	2.03%	1.96%
PERRIGO COMPANY	1,000.00	57.50	110.64	57,499.25	110,640.00	53,140.75	92.42%	320.00	0.29%	1.09%	1.05%
PRAXAIR INC	5,800.00	41.51	104.23	240,732.00	604,534.00	363,802.00	151.12%	12,760.00	2.11%	5.93%	5.74%
ROPER INDS INC NEW	4,000.00	15.11	102.49	60,440.25	409,960.00	349,519.75	578.29%	2,200.00	0.54%	4.02%	3.89%
ST JUDE MEDICAL INC	6,000.00	36.39	38.42	218,368.75	230,520.00	12,151.25	5.56%	5,520.00	2.39%	2.26%	2.19%
STRYKER CORP	13,000.00	16.05	53.82	208,628.87	699,660.00	491,031.13	235.36%	11,050.00	1.58%	6.87%	6.65%
TRACTOR SUPPLY COMPANY	4,000.00	18.24	99.38	72,965.85	397,520.00	324,554.15	444.80%	3,200.00	0.80%	3.90%	3.78%
TRUE RELIGION APPAREL INC	5,000.00	21.97	23.16	109,867.37	115,800.00	5,932.63	5.40%	4,000.00	3.45%	1.14%	1.10%
VARIAN MEDICAL SYSTEMS INC	3,000.00	35.07	59.68	105,221.36	179,040.00	73,818.64	70.16%			1.76%	1.70%
VISA INC CL A	5,000.00	77.23	128.52	386,135.40	642,600.00	256,464.60	66.42%	4,400.00	0.68%	6.31%	6.11%
Total U.S. equity				\$5,457,764.25	\$9,479,140.60	\$4,021,376.35	73.68%	\$107,730.00	1.14%	93.05%	90.06%
Non U.S. equity											
FABRINET	4,000.00	21.23	11.95	84,933.90	47,800.00	-37,133.90	-43.72%			0.47%	0.45%
SHIRE PLC SPON ADR	2,000.00	80.42	91.66	160,846.10	183,320.00	22,473.90	13.97%	919.20	0.50%	1.80%	1.74%
TEVA PHARMACEUTICALS IND LTD ISRAEL ADR	12,000.00	29.26	39.70	351,091.28	476,400.00	125,308.72	35.69%	9,281.09	1.95%	4.68%	4.53%
Total Non U.S. equity				\$596,871.28	\$707,520.00	\$110,648.72	18.54%	\$10,200.29	1.44%	6.95%	6.72%
Total Equities				\$6,054,635.53	\$10,186,660.60	\$4,132,025.07	68.25%	\$117,930.29	1.16%	100%	96.78%



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Risk profile: Moderate
Return objective: Current Income and Capital Appreciation

Portfolio holdings - as of September 4, 2012 (continued)

	Cost basis (\$)	Market value (\$)	Unrealized gain/loss (\$)	Unrealized gain/loss (%)	Est. annual income (\$)	Current yield (%)	% of asset class	% of portfolio
Total Portfolio	\$6,393,358.83	\$10,525,383.90	\$4,132,025.07	64.63%	\$117,930.29	1.12%	100%	100%

Total accrued interest (included in market values): \$0.00

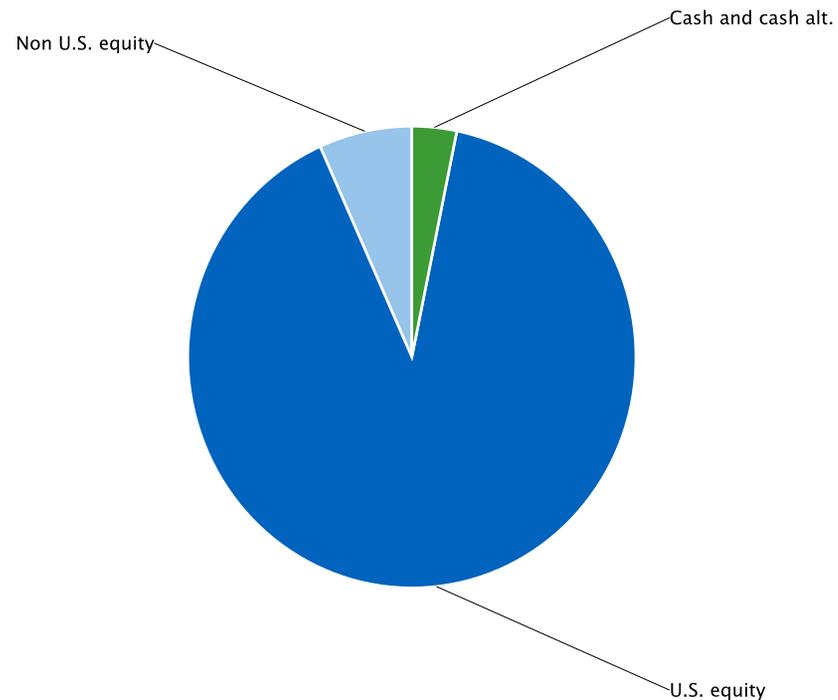


Asset allocation summary

as of September 4, 2012

	Market value (\$)	% of portfolio
Cash and cash alternatives	338,723.30	3.22
U.S. cash	338,723.30	3.22
Cash	5,909.37	0.06
Cash alternatives	332,813.93	3.16
Equities	10,186,660.60	96.78
U.S. equity	9,479,140.60	90.06
Large Cap	7,555,563.10	71.78
Growth	4,866,484.00	46.24
Value	2,253,250.00	21.41
U.S. equity - unclassified	435,829.10	4.14
Mid Cap	1,636,257.50	15.55
Growth	1,341,197.50	12.74
Value	295,060.00	2.80
Small Cap	287,320.00	2.73
Growth	243,020.00	2.31
Value	44,300.00	0.42
Non U.S. equity	707,520.00	6.72
Developed markets	231,120.00	2.20
Emerging markets	476,400.00	4.53
Fixed income	0.00	0.00
Alternative strategies	0.00	0.00
Broad commodities	0.00	0.00
Real estate	0.00	0.00
Other	0.00	0.00
Total Portfolio	\$10,525,383.90	100%

Balanced mutual funds are allocated in the 'Other' category





Equity sector analysis

as of September 4, 2012

Summary of equity sector analysis compared to S&P 500 index

	Actual %	Model %	Value of equity (\$)	Model value (\$)	Gap (\$)	Actual (%)	Model (%)	Gap (%)
Consumer discretionary	12.46%	10.74%	1,269,430.00	1,094,018.83	175,411.17	12.46%	10.74%	1.72%
Energy		10.77%	0.00	1,096,620.50	-1,096,620.50	0.00%	10.77%	-10.77%
Finance	6.16%	14.31%	627,640.00	1,458,075.81	-830,435.81	6.16%	14.31%	-8.15%
Health care	38.40%	11.60%	3,911,819.10	1,182,049.91	2,729,769.19	38.40%	11.60%	26.80%
Industrials	15.01%	9.73%	1,529,107.50	990,843.23	538,264.27	15.01%	9.73%	5.28%
Materials	5.93%	3.26%	604,534.00	332,429.44	272,104.56	5.93%	3.26%	2.67%
Staples		12.16%	0.00	1,238,304.72	-1,238,304.72	0.00%	12.16%	-12.16%
Technology	22.03%	20.63%	2,244,130.00	2,101,540.68	142,589.32	22.03%	20.63%	1.40%
Telecommunications		3.18%	0.00	323,452.96	-323,452.96	0.00%	3.18%	-3.18%
Utilities		3.50%	0.00	356,428.20	-356,428.20	0.00%	3.50%	-3.50%

Total classified equity \$10,186,660.60

equity

Rounding calculation may affect totals.



Equity sector analysis - as of September 4, 2012 (continued)

Details of equity sector analysis

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Consumer discretionary						
COACH INC	1,000.00	57.47	57,470.00	High		Neutral (Rating Exception)
CUSIP: 189754104 Symbol: COH			0.56%	1.20		
GAMESTOP CORP NEW (HOLDING CO) CL A	4,000.00	20.41	81,640.00			
CUSIP: 36467W109 Symbol: GME			0.80%	N/A		
LKQ CORP NEW	2,000.00	38.40	76,800.00			
CUSIP: 501889208 Symbol: LKQ			0.75%	N/A		
O REILLY AUTOMOTIVE INC	4,000.00	83.42	333,680.00	High		Buy
CUSIP: 67103H107 Symbol: ORLY			3.28%	0.57		
OMNICOM GROUP INC	4,000.00	51.63	206,520.00	Low	Marketperform	Neutral (Rating Exception)
CUSIP: 681919106 Symbol: OMC			2.03%	1.06		
TRACTOR SUPPLY COMPANY	4,000.00	99.38	397,520.00			
CUSIP: 892356106 Symbol: TSCO			3.90%	N/A		
TRUE RELIGION APPAREL INC	5,000.00	23.16	115,800.00			
CUSIP: 89784N104 Symbol: TRLG			1.14%	N/A		
Total consumer discretionary			\$1,269,430.00			
			12.46%			
Finance						
AFLAC INC	7,000.00	46.50	325,500.00	Medium	Outperform	Neutral
CUSIP: 001055102 Symbol: AFL			3.20%	1.39		
FRANKLIN RESOURCES INC	2,000.00	117.59	235,180.00	Medium	Marketperform	Neutral
CUSIP: 354613101 Symbol: BEN			2.31%	1.18		
HCC INSURANCE HLDGS INC	2,000.00	33.48	66,960.00			
CUSIP: 404132102 Symbol: HCC			0.66%	N/A		
Total finance			\$627,640.00			
			6.16%			
Health care						
ABBOTT LABS	4,000.00	65.46	261,840.00	Low	Marketperform	Buy
CUSIP: 002824100 Symbol: ABT			2.57%	0.56		
ALMOST FAMILY INC	2,000.00	22.15	44,300.00			
CUSIP: 020409108 Symbol: AFAM			0.43%	N/A		



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Health care						
BIO REFERENCE LAB INC NEW NEW CUSIP: 09057G602 Symbol: BRLI	2,000.00	27.19	54,380.00 0.53%	High 0.98		Neutral
BRUKER CORP CUSIP: 116794108 Symbol: BRKR	2,000.00	12.29	24,580.00 0.24%	High 1.12		Buy
CELGENE CORP CUSIP: 151020104 Symbol: CELG	2,000.00	72.07	144,140.00 1.41%	Medium 0.66	Outperform	Buy (Rating Exception)
EXPRESS SCRIPTS HLDG CO CUSIP: 30219G108 Symbol: ESRX	1,620.00	63.06	102,149.10 1.00%	Low 1.00	Outperform	Buy (Rating Exception)
GILEAD SCIENCES INC CUSIP: 375558103 Symbol: GILD	7,000.00	58.01	406,070.00 3.99%	Medium 0.66	Outperform	Buy
LABORATORY CORP AMER HLDGS NEW CUSIP: 50540R409 Symbol: LH	5,000.00	88.26	441,300.00 4.33%	Low 0.69		Neutral
MEDNAX INC CUSIP: 58502B106 Symbol: MD	2,000.00	70.69	141,380.00 1.39%	N/A		
MEDTRONIC INC CUSIP: 585055106 Symbol: MDT	10,000.00	41.21	412,100.00 4.05%	Low 0.82	Outperform	Buy
PERRIGO COMPANY CUSIP: 714290103 Symbol: PRGO	1,000.00	110.64	110,640.00 1.09%	Low 0.66		Neutral
SHIRE PLC SPON ADR CUSIP: 82481R106 Symbol: SHPG	2,000.00	91.66	183,320.00 1.80%	Low 0.96		Buy
ST JUDE MEDICAL INC CUSIP: 790849103 Symbol: STJ	6,000.00	38.42	230,520.00 2.26%	Medium 0.88	Marketperform	Buy
STRYKER CORP CUSIP: 863667101 Symbol: SYK	13,000.00	53.82	699,660.00 6.87%	Low 0.82	Marketperform	Buy
TEVA PHARMACEUTICALS IND LTD ISRAEL ADR CUSIP: 881624209 Symbol: TEVA	12,000.00	39.70	476,400.00 4.68%	Low 0.68	Outperform	Buy
VARIAN MEDICAL SYSTEMS INC CUSIP: 92220P105 Symbol: VAR	3,000.00	59.68	179,040.00 1.76%	N/A		
Total health care			\$3,911,819.10 38.40%			
Industrials						
AECOM TECHNOLOGY CORP CUSIP: 00766T100 Symbol: ACM	3,000.00	19.70	59,100.00 0.58%	High 1.13		Buy



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Industrials						
DANAHER CORP CUSIP: 235851102 Symbol: DHR	8,000.00	52.89	423,120.00 4.15%	Low 0.92	Outperform	Buy
EMERSON ELECTRIC CO CUSIP: 291011104 Symbol: EMR	4,000.00	49.84	199,360.00 1.96%	Low 1.03	Outperform	Neutral
FASTENAL CO CUSIP: 311900104 Symbol: FAST	8,000.00	43.37	346,960.00 3.41%	Medium 0.85		Neutral (Rating Exception)
IDEX CORP CUSIP: 45167R104 Symbol: IEX	2,250.00	40.27	90,607.50 0.89%	Medium 1.08		Neutral
ROPER INDS INC NEW CUSIP: 776696106 Symbol: ROP	4,000.00	102.49	409,960.00 4.02%	N/A	Marketperform	
Total industrials			\$1,529,107.50 15.01%			
Materials						
PRAXAIR INC CUSIP: 74005P104 Symbol: PX	5,800.00	104.23	604,534.00 5.93%	N/A	Marketperform	
Total materials			\$604,534.00 5.93%			
Technology						
AUTOMATIC DATA PROCESSNG INC CUSIP: 053015103 Symbol: ADP	2,000.00	58.10	116,200.00 1.14%	Low 0.78		Buy
COGNEX CORP CUSIP: 192422103 Symbol: CGNX	2,000.00	36.42	72,840.00 0.72%	N/A		
EBAY INC CUSIP: 278642103 Symbol: EBAY	10,000.00	47.36	473,550.00 4.65%	Medium N/A		Not Rated
EMC CORP MASS CUSIP: 268648102 Symbol: EMC	6,000.00	26.35	158,100.00 1.55%	Medium 1.06		Buy
FABRINET CUSIP: G3323L100 Symbol: FN	4,000.00	11.95	47,800.00 0.47%	N/A		
FACTSET RESH SYSTEMS INC CUSIP: 303075105 Symbol: FDS	3,000.00	93.95	281,850.00 2.77%	Medium 0.93		Neutral
FISERV INC CUSIP: 337738108 Symbol: FISV	3,000.00	71.47	214,410.00 2.10%	0.90		



Equity sector analysis - as of September 4, 2012 (continued)

	Number of shares	Price on Sep 04 (\$)	Value of equity (\$/%)	Volatility/ 60-month beta	UBS Wealth Management Research rating	UBS Investment Research rating
Technology						
GLOBAL PAYMENTS INC CUSIP: 37940X102 Symbol: GPN	2,000.00	41.55	83,100.00 0.82%	N/A		
NEUSTAR INC CL A CUSIP: 64126X201 Symbol: NSR	4,000.00	38.42	153,680.00 1.51%	N/A		
VISA INC CL A CUSIP: 92826C839 Symbol: V	5,000.00	128.52	642,600.00 6.31%	Low 0.81		Sell
Total technology			\$2,244,130.00 22.03%			
Total classified equity						\$10,186,660.60
Total equity						\$10,186,660.60

Balanced mutual funds are allocated in the 'Other' category



Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. This report presents information since December 31, 2002. This report does not include complete account activity or performance of your accounts before this date. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS Financial Services Inc. accounts statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports.

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Please review the report content carefully and contact your Financial Advisor with any questions.

The account listing may or may not include all of your accounts with UBS Financial Services Inc. The accounts included in this report are listed under the "Accounts included in this review" shown on the cover page.

Mutual Fund Asset Allocation: If the option to unbundle balanced mutual funds is selected and if a fund's holdings data is available, mutual funds will be classified by the asset class, subclass, and style breakdown of their underlying holdings. Where a mutual fund or ETF contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the fund to those sectors measured as a percentage of the total fund's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a monthly basis to UBS Financial Services, Inc based on data supplied by the fund which may not be current.

Mutual funds change their portfolio holdings on a regular (often daily) basis. Accordingly, any analysis that includes mutual funds may not accurately reflect the current composition of these funds. If a fund's underlying holding data is not available, it will be classified based on its corresponding overall Morningstar classification. All data is as of the date indicated in the report.

Accrued Interest: Interest that has accumulated between the most recent payment and the report date may be reflected in market values for interest bearing securities.

Current Yield: Current yield is defined as the estimated annual income divided by the total market value.

Tax Status: "Taxable" includes all securities held in a taxable account that are subject to federal and/or state or local taxation. "Tax-exempt" includes all securities held in a taxable account that are exempt from federal, state and local taxation. "Tax-deferred" includes all securities held in a tax-deferred account, regardless of the status of the security.

Expected Cash Flow reporting for Puerto Rico Income Tax Purposes: Expected Cash Flow reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received expected cash flow reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers. Neither UBS Financial Services Inc. nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

Margin: The quantity value may indicate that all or part of this position is held on margin or held in the short account. When an account holds a debit balance, this debit balance is incorporated into the account's total market value and deducted from the total value. When calculating the percent of portfolio on each security, the percentage will be impacted by the total market value of the account. Therefore, if the account's market value is reduced by a debit value of a holding the percent of portfolio will be greater and if the account's market value is increased by a holding then the percent of portfolio will be less.

Cash: Cash on deposit at UBS Bank USA is protected by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in principal and accrued interest per depositor for each ownership type. Deposits made in an individual's own name, joint name, or individual retirement account are each held in a separate type of ownership. Such deposits are not guaranteed by UBS Financial Services Inc. More information is available upon request.

Chart: If a chart is selected and the allocations presented above display percent of portfolio, the allocations are calculated as a percentage of your total portfolio. Your total portfolio, for this purpose, includes all holdings held in the account(s) selected when this report was generated.

If a chart is selected and the allocations presented above display percent of broad asset class, the allocations are calculated as a percentage of your holdings in that broad asset class. Your total broad asset class, for this purpose, includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Tax Lots: This report displays security tax lots as one line item (i.e., lumped tax lots). The total cost equals the total value of all tax lots. The unit cost is an average of the total cost divided by the total number of shares. If the shares were purchased in different lots, the unit price listed does not represent the actual cost paid for each lot. The unrealized gain/loss value is calculated by combining the total value of all tax lots + or - the total market value of the security.

Percentage: Portfolio (in the "% Portfolio" column) includes all holdings held in the account(s) selected when this report was generated.

Broad asset class (in the "% broad asset class" column) includes all holdings held in that broad asset class in the account(s) selected when this report was generated.

Portfolio: Portfolio for purposes of this report is defined as all the accounts presented on the cover page or the header of this report and does not necessarily include all of the client's accounts held at UBS Financial Services Inc.

Gain/Loss: The gain/loss information may include calculations based upon non-UBS Financial Services Inc. cost basis information. The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS Financial Services Inc. In addition, if this report contains positions with unavailable cost basis, the gain/(loss) for

these positions are excluded in the calculation for the Gain/(Loss). As a result these figures may not be accurate and are provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. Rely only on year-end tax forms when preparing your tax return. See your monthly statement for additional information.

Fixed Income: Fixed income instruments are classified as short term if they have a maturity date less than or equal to 3 years and intermediate term if they have a maturity date between 3 to 10 years. Instruments with maturity dates longer than 10 years are classified as long-term instruments. Unclassified instruments are those for which no maturity date is available or applicable.

Bond: The term "Bond" refers to all fixed interest bearing securities issued by public and private entities where the issuer owes the holders interest and/or principal at a specified later date. This term does not include mutual funds. These securities are subject to market risk and interest rate risk. If sold in the secondary market prior to maturity, investors may experience a gain or loss depending on interest rates, market conditions and the credit quality of the issuer.

Call Date/Call Price: Bonds may have multiple call dates and multiple call prices. All call dates and call prices displayed in this report refer to the bond's next call.

Yields: Yield to Maturity and Yield to Worst are calculated to the worst call.

Insured/Underlying Rating: Where a rating does not exist for a particular agency, the report will display NR.

Averages: All averages are weighted averages calculated based on market value of the holding, not including accrued interest.

Call Provisions: When evaluating the purchase of a corporate bond, one should be aware of any features that may allow the issuer to call the security. This is particularly important when considering an issue that is trading at a premium to its call price, since the return may be negatively impacted if the issue is redeemed. Should an issue be called, investors may be faced with an earlier than anticipated reinvestment decision, and may be unable to reinvest their principal at equally favorable rates.

Interest Rate Risk: Corporate bonds are subject to market value fluctuations as interest rates rise and fall. If



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

sold prior to maturity, the price received for an issue may be less than the original purchase price.

Reinvestment Risk: Since most corporate issues pay interest semiannually, the reinvestment of coupon payments over the life of the bond can have a major impact on the bond's total return.

Credit/Event Risk: Corporate investments are subject to event risk and changes in credit quality of the issuer. Companies can experience increased competition, takeovers and other economic situations that may have adverse effects on the market value of their securities.

Classified Equity: Classified equities are defined as those equities for which the firm can confirm the specific industry and sector of the underlying equity instrument.

Equity: The Growth, Value and Core labels are determined by Standard and Poor's using a price-to-book ratio methodology. The Growth, Value and Core labels are based on how a company's price-to-book ratio compares to the median price-to-book ratio for its industry based on the company's assigned Industry Sector. If the company's ratio is greater than or equal to the industry median, it is classified as a growth stock. If the company's ratio is less than the industry median, it is classified as a value stock. If a security includes both growth and value attributes, it is classified as a core stock. If price-to-book is not available or the industry's median is not available, this item will be Unclassified.

Capitalization: Market Capitalization is defined as the number of shares outstanding times the market value. Equity securities are classified as Large Cap if they have a capitalization of 8 billion or above. Securities with capitalization between 1.8 and 7.9 billion are classified as Mid Cap. Securities with capitalization below 1.79 billion are classified as Small Cap. Unclassified securities are those for which no capitalization is available or applicable.

Equity: This analysis may include a variety of accounts, each with different investment and risk parameters. As a result, the overweighting or underweighting in a particular sector or asset class should not be viewed as an isolated factor in making investment/liquidation decisions; but should be assessed on an account by account basis to determine the overall impact on the account's portfolio.

Cash Flow: This Cash Flow analysis is based on the historical dividend, coupon and interest payments you have received as of the Record Date in connection with the securities listed and assumes that you will continue

to hold the securities for the periods for which cash flows are projected. The attached may or may not include principal paybacks for the securities listed. These potential cash flows are subject to change due to a variety of reasons, including but not limited to, contractual provisions, changes in corporate policies, changes in the value of the underlying securities and interest rate fluctuations. The effect of a call on any security(s) and the consequential impact on its potential cash flow(s) is not reflected in this report. Payments that occur in the same month in which the report is generated -- but prior to the report run ("As of") date -- are not reflected in this report. In determining the potential cash flows, UBS Financial Services Inc. relies on information obtained from third party services it believes to be reliable. UBS Financial Services Inc. does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Although UBS Financial Services Inc. generally updates this information as it is received, the Firm does not provide any assurances that the information listed is accurate as of the Record Date. Cash flows for mortgage-backed, asset-backed, factored, and other pass-through securities are based on the assumptions that the current face amount, principal pay-down, interest payment and payment frequency remain constant. Calculations may include principal payments, are intended to be an estimate of future projected interest cash flows and do not in any way guarantee accuracy. Mortgage-backed, asset-backed, factored, and other pass-through securities have dynamic cash flows which may vary from month to month.

Income: The Estimated Annual Income is the annualized year to date per share dividends paid and multiplied by the quantity of shares held in the selected account(s).

Investment Grades: This report may designate a security as a high yield fixed income security even though one or more rating agencies rate the security as an investment grade security. Further, this report may incorporate a rating that is no longer current with the rating agency. For more information about the rating for any high yield fixed income security, or to consider whether to hold or sell a high yield fixed income security, please contact your financial advisor or representative and do not make any investment decision based on this report.

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Revenue Code (PRIRC) long-term capital gains are derived from the sale or exchange of capital assets held longer than six (6) months. For the purposes of this report only, long term gains and losses are represented by assets held for a period of more than six (6) months. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers for purposes other than determining realized gain/loss for Puerto Rico income tax purposes. Neither UBS Financial Services Inc. nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

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Indexing: For comparison purposes we have used up to five general broad market indices. These indices were selected to demonstrate the performance of broad market indicators that are readily recognized rather than for direct performance comparisons against the accounts listed. Depending on the composition of your portfolio and your investment objectives, these indices may not be an appropriate measure for comparison purposes and as such, are presented for illustration only. Generally, these indices, such as the S&P 500 index, assume no management, custody, transaction or other expenses, and assume reinvestment of dividends and capital gains. As a consequence, performance of selected indices may be more or less volatile than any accounts used in this report. The past performance of the indices is not a guarantee of future results. Represented in this report are: U.S. Treasury Bill (USTB) - which represents the 3 month return for Treasury Bills issued by the United States Government; the Barclays

Capital Aggregate Bond Index (LBAG) - which is composed of securities from Barclays Capital government/corporate bond index, mortgage-backed securities index, and the asset-backed securities index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. This index is rebalanced monthly by market capitalization; the S&P 500 (SP500) index - which covers 500 industrial, utility, transportation, and financial companies of the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market capitalization and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total return basis without dividends reinvested. If benchmark information is not available at the time this report was run, NA will be displayed. We reserve the right to substitute indices or display only those indices for which current updated information is available in order to ensure the accuracy and completeness of these reports.

Index Volatility: Performance of certain indices may be presented in comparison to account information. Generally, these indices, such as the S&P 500 Index, assume no management, custody, transaction or other expenses, and assume reinvestment of dividends and capital gains. In addition, these indices may have been selected to demonstrate the performance of broad market indicators that are readily recognized rather than for direct performance comparisons against the accounts shown on the report. As a consequence, performance of selected indices may be more or less volatile than any account or accounts and comparative value may be minimal. The use of any market index (such as the S&P 500) in this report is intended for illustrative purposes only as a general reference to a broad market, and not as an accurate performance comparison. Certain accounts consolidated on this report may have separate performance monitors designed to accurately reflect performance.

Annualized Performance: All performance periods greater than one year are calculated (unless otherwise stated) on an annualized basis, which represents the return on an investment multiplied or divided to give a comparable one year return.

Fees: Fees represented in this report include program and wrap fees. Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement are not included in this report. Commissions are not included in the fees calculation.

Performance: This report presents accounts activity and performance starting December 31, 2002. For accounts opened prior to 12/31/02, this report does not include the complete accounts activity or performance of your



Disclosures applicable to accounts at UBS Financial Services Inc. (continued)

accounts prior to that date. Information for accounts opened after 12/31/02 is reported as of the month end date of the first month of activity in the accounts. For consolidated reports the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, quarter to date, year to date or performance to date), the individual's net of fee time weighted return will not be displayed. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from the carrier.

Client Accounts: This report includes all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs. For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Net Deposits/Withdrawals: When shown on a report, this information represents the net value of all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period. When fees are shown separately, net deposits / withdrawals does not include program fees (including wrap fees). When investment return is displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS Financial Services Inc. price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts

billing arrangement.

Dividends/Interest: Dividend and interest earned, when shown on a report, this information does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e. 1099) for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Accruals: When shown on a report, this information represents the difference between the accrued interest at the beginning of the period from the accrued interest at the end of the period.

Change in market value (Investment appreciation/depreciation): Represents the change in value of the portfolio during the reporting period, excluding additions/withdrawals, dividend and interest income earned and accrued interest.

Market Value: When shown on a report, represents the total value at the end of the performance period minus total security value at the beginning of the performance period.

Time-weighted Returns: This report displays a time weighted rate of return, a methodology that calculates a portfolio's return by linking equal-weighted monthly returns together. The monthly return is calculated using the Modified Dietz formula. This calculation uses the beginning and ending portfolio values for the month and weighs each contribution/withdrawal by the amount of time invested.

Money-weighted Returns: Money-weighted return is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the rate of return that will set the present values of all cash flows and terminal values equal to the value of all cash flows and terminal values equal to the value of the initial investment. Money-weighted rate of return incorporates the size and timing of cash flows, so it is an effective measure for returns on a portfolio.

Net of Fees: The information is shown net of fees and commission charges to your accounts for the time period shown. For example, if your accounts are charged an asset based fee during the month the report is produced, performance information would reflect deduction of those fees. Please see your program documents regarding fee schedules.

Net of Fees and Gross of Fees Returns: Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect

Program and wrap fees prior to October 1, 2010 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance.

Performance Start Date Changes: The Performance Start Date for accounts marked with a '^' have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS Financial Services Inc. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS Financial Services Inc. recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest available inception date.

The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

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Volatility Bands: Volatility bands provide a quantitative analysis of a stock's historic price fluctuations. Volatility is defined as the standard deviation (a measure of dispersion around an average) of one year of weekly returns, weighted more heavily toward the most recent dates. The stock volatilities are banded into High, Medium and Low categories and are determined from looking at an unweighted basket of Dow Jones Global Index constituents divided into three equal parts. The volatility bands are provided for informational purposes only.

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Reinvested Dividends: Total reinvested is the total of all reinvested dividends. It does not include any cash dividends. It is not a tax lot for the purposes of determining holding periods or cost basis. The shares you receive each time you reinvest dividends become a separate tax lot.

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Kurt A. Schuler
Christopher M. Lamb, CIMA, CTFA
Jeffrey A. Johnson
Daniel O. McNamara, CFP, CTFA

September 4, 2012

Thomas Darling, CPA
Director of Financial Services
City of Troy Retirement Plan Board
500 W Big Beaver Rd
Troy, MI 48084

Dear Tom,

We are currently recommending two purchases:

<u>Purchase</u>	<u>Price</u>	<u>Dividend</u>	<u>Yield</u>
Weyerhaeuser Co.	\$24.82	\$0.60	2.42%
Magna International Inc.	\$43.42	\$1.10	2.50%

Please find the attached summary of our rationale for the above recommendations. Feel free to call if you have any questions or would like additional information.

Thank you for the opportunity to provide you with our financial services.

Sincerely,



Robert W. Stibbs, CPA, CFP
Principal



Daniel McNamara, MBA, CFP
Financial Advisor

Encls. (2)

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September 4, 2012

Investment Recommendation

Purchase

Weyerhaeuser Company (WY)

Price \$24.82

Annual Dividend \$.60

Yield 2.42%

Weyerhaeuser is one of the world's largest forest products companies. The company grows and harvests trees, builds homes and makes a range of forest products essential to everyday life. The company owns approximately 6 million acres of timberland which it manages on a sustainable basis in accordance with internationally recognized forestry standards. Weyerhaeuser operates as four segments; timberlands, wood products, cellulose fibers and real estate. The company converted to a REIT (Real Estate Investment Trust) structure in 2010 to improve tax efficiency.

We believe that the United States is in the early stages of a housing recovery which follows five years of depressed activity. Housing starts have started to increase from a low of 554,000 in 2009 to 612,000 in 2011. We expect housing starts to increase gradually toward normalized levels exceeding 1,000,000. The growth in housing will be driven by growing household formations, bottoming home prices, strong affordability and declining vacancies.

In July, the company announced adjusted earnings of \$.09 for the second quarter ended June 30, 2012. Revenues for the quarter were \$1,793 million which were up 11% from the prior year and about 74% of revenue came from segments that are tied to housing. We feel that as housing starts rise and return to normal levels, the prices of wood products will rise along with volumes, which will lead to higher revenue and earnings for Weyerhaeuser.

Current analyst's consensus earnings estimates are for Weyerhaeuser to earn \$.38 per share in 2012 and \$.81 in 2013. We realize that the prices of stocks in the home builder segment are up strongly year to date but feel that this is the beginning of a longer growth trend. As earnings grow so will the dividend.

Weyerhaeuser Co

S&P Recommendation **HOLD** ★ ★ ★

Price
\$24.91 (as of Aug 31, 2012)

12-Mo. Target Price
\$25.00

Investment Style
Large-Cap Blend

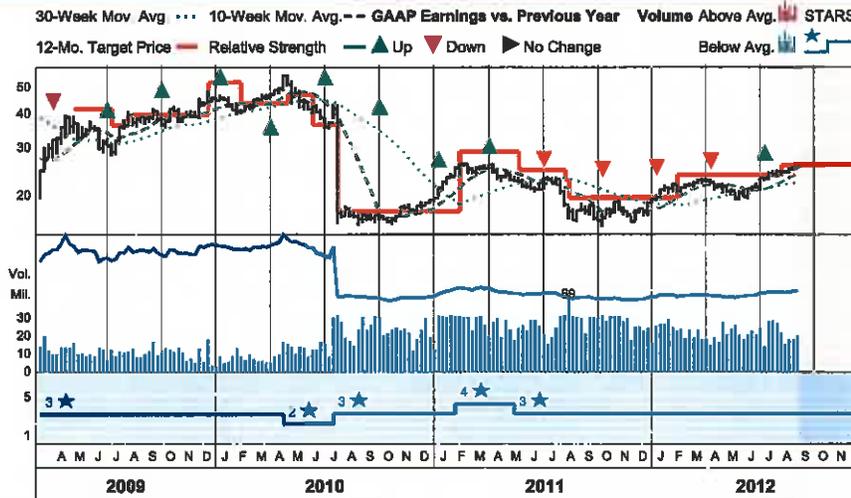
GICS Sector Financials
Sub-Industry Specialized REITS

Summary One of the world's largest integrated forest products companies, WY grows timber; makes and sells forest products and pulp; and engages in real estate construction and development.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$24.96–14.82	S&P Oper. EPS 2012 E	0.40	Market Capitalization(B)	\$13.401	Beta	1.21
Trailing 12-Month EPS	\$0.65	S&P Oper. EPS 2013 E	0.75	Yield (%)	2.41	S&P 3-Yr. Proj. EPS CAGR(%)	25
Trailing 12-Month P/E	38.3	P/E on S&P Oper. EPS 2012 E	62.3	Dividend Rate/Share	\$0.60	S&P Credit Rating	BBB-
\$10K Invested 5 Yrs Ago	\$11,098	Common Shares Outstg. (M)	538.0	Institutional Ownership (%)	80		

Price Performance



Qualitative Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects that Weyerhaeuser operates in a cyclical industry, with large capital requirements and significant variability in both costs and prices. However, the company is one of the largest in the industry, and we believe it has a major base of assets and modest debt levels.

Quantitative Evaluations

S&P Quality Ranking **B-**

D **C** **B-** **B** **B+** **A-** **A** **A+**

Relative Strength Rank **STRONG**

89
LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. \$)	1Q	2Q	3Q	4Q	Year
2012	1,494	1,793	--	--	--
2011	1,422	1,610	1,569	1,615	6,216
2010	1,419	1,805	1,664	1,664	6,552
2009	1,275	1,391	1,407	1,455	5,528
2008	2,096	2,174	2,107	1,760	8,018
2007	3,891	4,334	4,146	3,937	16,308

Earnings Per Share (U.S. \$)	2012	2011	2010	2009	2008	2007
2012	0.08	0.16	E0.15	E0.15	E0.40	
2011	0.18	0.04	0.25	-0.12	0.59	
2010	-0.09	0.07	3.51	0.32	3.99	
2009	-1.25	-0.50	Nil	-0.83	-2.58	
2008	-1.08	-0.98	-0.95	-5.67	-8.61	
2007	-0.07	0.17	0.34	-0.21	0.23	

Fiscal year ended Dec. 31. Next earnings report expected: Late October. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Date: mm/dd Payment Date: mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.150	10/13	11/08	11/11	12/01/11
0.150	02/09	02/28	03/01	03/15/12
0.150	04/12	05/09	05/11	06/01/12
0.150	08/09	08/28	08/30	09/14/12

Dividends have been paid since 1933. Source: Company reports.

Analysis prepared by Equity Analyst **S. Benway, CFA** on Aug 20, 2012, when the stock traded at **\$23.93**.

Highlights

- > We see sales rising 5%-7% from continuing operations in 2012 and 2013. Standard & Poor's Economics expects residential construction to show a moderate recovery in 2012 with housing starts increasing 24%, although activity is expected to remain well below historical averages. This should lead to higher prices for lumber and panels in 2012. However, fluff pulp prices are likely to decline.
- > We look for conditions in housing-related business to improve slowly in coming quarters. Although timberland margins (excluding land sale gains) are likely to remain below normal due to deferred harvests, they are expected to rise on higher prices. We look for margins in the fibers business to decline due to falling prices. Our estimate is for operating margins of 8.5% in 2012, down from 10.5% in 2011, which included a large land sale gain. We see expansion to 12.2% in 2013.
- > For 2012, we estimate an operating profit of \$0.40 per share, excluding unusual items but including land sales gains, compared to operating EPS of \$0.50 in 2011. For 2013, we forecast EPS of \$0.75.

Investment Rationale/Risk

- > WY has divested assets to focus on its timber, wood products, real estate and fiber businesses. Although the steep downturn in the residential construction sector has hurt many of these businesses, the sector has likely bottomed and WY should see strong margins once volume recovers, in our view. The company has adopted the REIT (real estate investment trust) form of corporate structure, which will likely result in greater cash flows and higher dividend payouts in the future. However, we see the shares as fairly valued.
- > Risks to our recommendation and target price include the lack of further housing recovery, a significant decline in wood product and pulp prices, and decreased values for timberland.
- > Our 12-month target price of \$25 is a weighted blend of two measures. Our discounted cash flow model, which assumes a 9.2% weighted average cost of capital, strong cash flow growth in 2012, and 3% growth in perpetuity, derives an intrinsic value of \$27. Our dividend discount metric assumes a \$0.64 payout in 2012, a required rate of return of 7.0%, and constant dividend growth of 4%, for a value of \$21.

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Weyerhaeuser Co

Business Summary August 20, 2012

CORPORATE OVERVIEW. Weyerhaeuser, one of the world's largest integrated forest products companies, is primarily engaged in growing and harvesting timber; the production, distribution and sale of wood and paper products; and real estate development. Through its timberlands segment (16% of 2011 sales), WY manages 20.2 million acres of forestland through company-owned or leased property in eight states, Canada, and Uruguay. It owns 5.7 million acres of these lands. This division grows and harvests trees for use as lumber, other wood and building products, and pulp and paper. It also exports logs to other countries, mostly in Asia, and sells mineral and oil and gas rights on its lands. The wood products business (39%) produces and sell softwood and hardwood lumber, plywood and veneer, composite panels, oriented strand board, and engineered lumber. About 70% of these products are used in new residential construction for floor and roof joists, structural framing, sheathing, and subflooring. Other lumber products are used in furniture, cabinets, decking, and pallets. The cellulose fibers unit (32%) is one of the world's largest producers of absorbent pulp used in products such as diapers and feminine hygiene products. It also makes liquid packaging board used in containers for milk, juice, and tea, paper grade pulp, and specialty pulp used in textiles, absorbent products and specialty packaging. Through Weyerhaeuser Real Estate Company (13%), the company is involved in the development of single-family housing and residential lots, including the development of master-planned communities, and it is the 17th largest home-builder in the country.

MARKET PROFILE. Weyerhaeuser operates in a highly cyclical and capital-intensive industry. Demand for the company's products is dependent on a number of factors including consumer spending, white collar employment levels, domestic and Japanese new home construction and repair and remodeling activity, and movements in currency exchange rates. Historical prices for pulp and wood products have been volatile, and, despite its size, Weyerhaeuser has had only a limited direct influence over the timing and extent of price changes for its products. Pricing is significantly affected by the relationship between supply and demand, and supply is influenced primarily by fluctuations in available manufacturing capacity.

CORPORATE STRATEGY. WY is one of the largest private land owners in the U.S., and we believe it has leading market shares in the wood products and fluff pulp sectors. WY is constantly evaluating the best strategic mix of its businesses, which has resulted in the divestiture of underperforming and nonstrategic assets, including the spin-off of the fine paper business to Domtar in March 2007 and the sale of its packaging business to International Paper in August 2008. The company's competitive strategies in the timberlands business include positioning WY as one of the largest, lowest-cost growers of global softwood and hardwood timber; continuously reviewing its portfolio of land holdings to create the greatest value for the company; and taking advantage of new market opportunities that may be created by energy and climate change legislation and regulation. In wood products, WY seeks to develop innovative home building solutions to meet customers' needs and to differentiate its products to create demand and generate higher prices. In cellulose fibers, WY strives to focus its research and development efforts on new ways to expand and improve the range of applications for its products. The real estate unit seeks to distinguish its homes by offering distinct value in its specific market niches.

IMPACT OF MAJOR DEVELOPMENTS. On December 15, 2009, WY announced that it would convert to a real estate investment trust (REIT). As part of the conversion, WY issued a special, taxable dividend to stockholders of its undistributed earnings on September 1, 2010, which totaled \$5.6 billion, or \$26.42 per share. The dividend consisted of 324 million common shares and \$526 million in cash. This resulted in an increase in the share base to 537 million shares from 212 million. REITs have a favorable corporate tax structure, but they are required to distribute at least 90% of their taxable income to shareholders as dividends each year. WY has said it intends to pay out 75% of its funds available for distribution in dividends.

FINANCIAL TRENDS. Looking at WY's historical sales and earnings performance, we see a cyclical pattern. In 2008 and 2009, major divestitures and very weak markets led to significantly lower sales. Prior to that, revenue exhibited a general growth pattern, and in 2010 sales increased by 18.5% but were little changed in 2011. Net operating profit after tax (NOPAT) fluctuated from a high of nearly \$1.8 billion in 2004 to a low of a \$309 million loss in 2008. The company's NOPAT margin averaged 4.2% over the past decade. Its asset management has been below its peer group, with a 3.8% average return on invested capital (ROIC) over the past 10 years, compared to 8.3% for peers. Looking ahead, we expect the company's earnings to remain cyclical and mostly dependent on the residential housing market.

Corporate Information

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EVP & CFO

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M.P. Drake

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J. I. Kieckhefer

W. W. Murdy

N. W. Piasecki

D. R. Simons

R. H. Sinkfield

D. M. Steuert

K. Williams

C. R. Williamson

Domicile

Washington

Founded

1900

Employees

12,800

Stockholders

9,724

Weyerhaeuser Co

Quantitative Evaluations

S&P Fair Value Rank	1	2	3	4	5
	LOWEST				HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **\$15.20** Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that WY is overvalued by \$9.71 or 39.0%.

Investability Quotient Percentile	44
	LOWEST = 1 HIGHEST = 100

WY scored lower than 58% of all companies for which an S&P Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation **BULLISH** Since June, 2012, the technical indicators for WY have been BULLISH.

Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2011	2010	2009	2008
Interest Coverage Ratio	1.20	0.35	NM	NM
Avg. Diluted Shares Outstg (M)	539.9	321.1	211.3	211.3

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Revenue	-5.13	-5.76	-23.56	-15.64
Net Income	-75.14	NM	NM	-85.53

Ratio Analysis (Annual Avg.)	1.20	0.25	0.13	NA
Interest Coverage Ratio				

Company Financials Fiscal Year Ended Dec 31

Per Share Data (U.S. \$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	7.90	8.56	19.00	22.58	27.35	28.92	27.81	24.84	17.44	15.80
Cash Flow	NA	NA	-0.18	-5.80	4.43	6.88	7.80	10.76	7.23	6.63
Earnings	0.59	3.99	-2.58	-8.61	0.23	1.44	2.36	5.43	1.30	1.09
S&P Core Earnings	0.13	3.58	-3.55	-7.30	-0.25	2.97	1.79	4.37	0.70	-0.75
Dividends	0.60	26.57	0.60	2.40	2.40	2.20	1.90	1.60	1.60	1.60
Payout Ratio	NM	NM	NM	NM	NM	182%	81%	29%	123%	147%
Prices:High	25.33	53.69	46.80	73.75	87.09	75.50	71.85	68.59	64.70	68.09
Prices:Low	14.82	17.18	18.67	28.68	59.67	54.25	60.62	55.06	45.40	37.35
P/E Ratio:High	43	14	NM	NM	NM	62	30	13	50	62
P/E Ratio:Low	25	4	NM	NM	NM	45	26	10	35	34

Income Statement Analysis (Million U.S. \$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenue	6,216	6,552	5,528	8,018	16,308	21,896	22,629	22,665	19,873	18,521
Operating Income	NA	NA	158	38.0	1,628	2,914	3,443	4,028	2,716	2,455
Depreciation	480	503	508	593	925	1,283	1,337	1,322	1,318	1,225
Interest Expense	384	452	434	550	586	531	730	829	796	771
Pretax Income	257	96.0	-842	-2,707	59.0	826	906	1,945	436	371
Effective Tax Rate	NM	NM	32.5%	NM	13.6%	57.0%	35.8%	34.0%	33.9%	35.0%
Net Income	319	1,283	-545	-1,819	51.0	355	582	1,283	288	241
S&P Core Earnings	73.3	1,146	-762	-1,542	-53.0	728	444	1,029	156	-168

Balance Sheet & Other Financial Data (Million U.S. \$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Cash	953	1,467	1,918	2,432	114	243	1,104	1,197	202	122
Current Assets	NA	NA	5,221	6,085	5,990	4,121	4,876	5,293	4,021	3,888
Total Assets	12,598	13,429	15,250	16,735	23,806	26,862	28,229	29,954	28,109	28,219
Current Liabilities	NA	NA	995	1,864	2,921	3,129	3,255	3,149	2,525	2,994
Long Term Debt	4,466	5,060	5,683	5,557	6,522	7,675	8,262	10,144	12,397	12,721
Common Equity	4,263	4,612	4,044	4,814	7,981	9,095	9,800	9,255	7,109	6,623
Total Capital	NA	NA	9,740	12,228	17,830	20,461	22,097	23,932	23,800	23,400
Capital Expenditures	241	286	239	608	880	837	861	492	608	930
Cash Flow	NA	NA	-37.0	-1,226	976	1,638	1,919	2,605	1,606	1,466
Current Ratio	3.8	3.9	5.5	3.4	2.1	1.3	1.5	1.7	1.6	1.3
% Long Term Debt of Capitalization	51.1	52.3	58.4	45.4	36.6	37.5	37.4	42.4	52.1	54.4
% Net Income of Revenue	5.1	19.8	NM	NM	0.3	1.6	2.6	5.7	1.4	1.3
% Return on Assets	2.5	9.0	NM	NM	0.2	1.3	2.0	4.4	1.0	1.0
% Return on Equity	7.2	29.6	NM	NM	0.6	3.8	6.1	15.7	4.2	3.6

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

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Sub-Industry Outlook

We have a neutral fundamental outlook on the specialized REITs sub-industry. This group is composed of real estate investment trusts in diverse categories including hospitality, health care, self-storage, timber, and specialty. We believe modest increases in job growth are beginning to increase demand in most real estate sectors. By our analysis, limited new supply will help reduce competition in many verticals, resulting in moderate revenue and earnings gains, on average, in 2012. Also, we think credit market conditions have become more accommodating to public REITs considering acquisitions or new development of commercial properties in coming months. However, we believe owners of commercial real estate financed by shorter maturity debt could still face challenges in refinancing outstanding obligations.

Demand for self-storage, which is heavily tied to household moving activity, has held up relatively well given the still relatively weak state of the economy. Many self-storage providers are instituting price increases and curbing the level of discounting to maintain occupancy. We see rising federal and state budget deficits keeping pressure on reimbursement rates for Medicare and Medicaid, which have seen enrollments rise due to high unemployment, causing a less favorable patient mix. As a result, we expect REITs holding health care facilities will focus acquisitions on senior housing and medical office buildings, leased to tenants less reliant on government reimbursement programs. In our view, the long-term effect of health care reform will fall primarily on the tenant-operators of the facilities as opposed to the owners of the property, which generally provide the space and collect the rent.

For the hospitality sector, we think occupancy levels and pricing improved in 2011, after depressed

market conditions in 2009 and 2010. In our view, higher occupancy statistics will continue to lead to gains in room pricing in 2012, but at a moderated pace due to an uneven economic recovery. For timber REITs, we expect residential construction activity to show a modest recovery in 2012 on the back of higher housing starts. We see stronger operating margins for the sector once volume recovers.

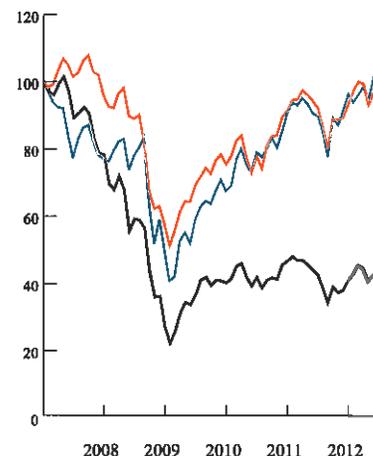
The S&P Specialized REITs Index is beating the overall stock indices in 2012. Year to date through August 3, the index has risen 14.8%, versus a 10.2% gain for the S&P 1500 Index. As of July 31, 2012, average dividend yields were 4.6% for health care REITs, 2.9% for self-storage, 3.0% for lodging/resorts and 3.2% for timber REITs.

--R. Shepard, CFA

Stock Performance

GICS Sector: Financials
Sub-Industry: Specialized REITs

Based on S&P 1500 Indexes
Month-end Price Performance as of 08/31/12



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Specialized REITs Peer Group*: Based on market capitalizations within GICS Sub-Industry

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Weyerhaeuser Co	WY	13,401	24.91	24.96/14.82	1.21	2.4	38	15.20	B-	44	5.1	51.1
Entertainment Properties Tr	EPR	2,135	45.59	48.49/35.97	1.64	6.6	21	40.00	B+	89	23.5	43.5
Extra Space Storage	EXR	3,553	34.11	34.26/17.29	1.37	2.3	44	NA	NR	70	15.0	56.0
HCP Inc	HCP	19,698	45.86	47.75/32.66	1.19	4.4	31	36.00	B+	80	31.9	43.8
Health Care REIT	HCN	12,551	58.44	62.80/43.65	0.88	5.1	77	55.10	A-	86	11.3	49.4
Healthcare Realty Tr	HR	1,892	24.26	25.00/16.04	1.03	4.9	NM	NA	B-	85	NM	57.9
Healthcare Tr of Amer'A'	HTA	2,015	9.40	10.05/9.07	NA	6.1	NM	NA	NR	NA	2.0	25.3
Hospitality Properties Trust	HPT	2,974	24.07	27.99/19.22	1.46	7.5	23	NA	B	87	15.7	43.1
Host Hotels & Resorts	HST	11,056	15.30	17.26/9.78	2.30	1.8	NM	10.80	B-	77	NM	45.6
LaSalle Hotel Properties	LHO	2,351	27.25	30.46/16.87	2.66	2.9	97	NA	B-	86	6.0	32.6
Omega Healthcare Investors	OHI	2,610	24.02	24.51/14.45	0.92	7.0	26	NA	B	86	18.0	64.1
Plum Creek Timber	PCL	6,611	40.93	42.10/33.02	1.06	4.1	38	NA	B	39	16.5	51.4
Rayonier Inc	RYN	6,014	48.99	49.15/34.68	1.11	3.6	22	36.90	A-	97	18.5	37.7
Senior Housing Prop Trust	SNH	3,904	22.12	24.70/19.83	1.01	6.9	26	NA	B+	77	33.6	36.1
Ventas Inc	VTR	19,344	65.49	68.15/46.21	1.26	3.8	38	NA	B+	95	20.5	40.5

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Weyerhaeuser Co

S&P Analyst Research Notes and other Company News

July 27, 2012

12:30 pm ET ... S&P RETAINS HOLD OPINION ON SHARES OF WEYERHAEUSER (WY 23.74***): We raise our 12-month target to \$25 from \$23 to reflect a higher expected dividends in our dividend discount model. For Q2, WY reports EPS of \$0.09, vs. \$0.06, above our \$0.08 estimate. All of WY's four major businesses were profitable for the first time in six years. We expect earnings momentum to continue due to what we see as a gradual recovery in the housing market. Results should benefit from higher lumber prices and demand, increased home closings, and greater log shipments to Asia. We keep our EPS estimates unchanged at \$0.40 for 2012, and \$0.75 for 2013. /Stuart J. Benway, CFA

June 15, 2012

Weyerhaeuser Co. announced that Doyle, R. Simons, 48, will join its board of directors effective June 29, 2012. Simons' appointment follows the departure of Arnold G. Langbo, who retired from its board in 2011. Simons served as chief executive officer and chairman of Temple-Inland from 2008 until February 2012 when it was acquired by International Paper Company. Prior to that role, he held a number of senior management positions with Temple-Inland. He joined the company in 1992.

April 27, 2012

12:30 pm ET ... S&P MAINTAINS HOLD RECOMMENDATION ON SHARES OF WEYERHAEUSER (WY 20.60***): WY posts Q1 EPS of \$0.02, vs. \$0.18, matching our estimate. Prior year results included a large real estate gain. Although conditions appear to be improving in some of WY's markets, we expect any gains to be gradual. In the near term we expect lower pulp prices and higher maintenance costs to hurt results in the fibers business, and this is the primary reason for the reduction in our 2012 EPS estimate to \$0.40 from \$0.60. We see a better housing market leading to stronger results in 2013, and our EPS forecast for that year remains \$0.75, while our target price remains \$23. /Stuart J. Benway, CFA

February 3, 2012

WY posts \$0.12 vs. \$0.32 Q4 EPS from cont. ops despite 6.7% rise in net sales. Capital IQ consensus forecast was \$0.07.

February 3, 2012

01:21 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF WEYERHAEUSER (WY 21.08***): WY reports Q4 EPS of \$0.14, versus \$0.10, well above our \$0.01 loss estimate. Narrower losses in Wood Products and better home building profits helped results. We see conditions remaining difficult for WY this year. Fluff pulp prices are likely to be lower early in 2012, and we do not expect large land sale gains. However, the housing market is expected to improve somewhat and exports to Asia should remain strong. We maintain our 2012 EPS estimate of \$0.60, but raise our 12-month target price to \$23 from \$19, based on a lower discount rate in our discounted cash flow model. /Stuart J. Benway, CFA

October 28, 2011

11:20 am ET ... S&P RETAINS HOLD RECOMMENDATION ON SHARES OF WEYERHAEUSER (WY 17.85***): WY posts Q3 EPS of \$0.12, vs. \$0.25, ahead of our \$0.10 estimate. The weak housing market continues to hurt WY's timberland, wood products, and home building businesses. However, demand from Asia and Canada for wood products and fibers should provide some offset to this weakness. We have reduced our forecast for housing starts in 2012, and therefore lower our 2012 EPS projection to \$0.60 from \$0.80. Our 2011 estimate remains \$0.35. We maintain our 12-month target price of \$19 based on our dividend discount model. /Stuart J. Benway, CFA

August 10, 2011

12:16 pm ET ... S&P KEEPS HOLD OPINION ON SHARES OF WEYERHAEUSER (WY 16.51***): We expect the housing market to remain weak for the balance of 2011 before beginning a slow recovery in 2012. This is likely to continue to hurt demand in coming quarters for the panels and lumber that WY produces as well as the homes that it builds, in our view. The company's fluff pulp business should provide some stability, however, and log exports to Asian markets should also remain high. We maintain our EPS estimate of \$0.35 for 2011 and \$0.80 for 2012, but our 12-month target price falls to \$19 from \$22 due to a higher discount rate in our discounted cash flow model. /Stuart J. Benway, CFA

July 29, 2011

WY posts \$0.06 vs. \$0.20 Q2 despite 12% revenue rise. Capital IQ consensus forecast was \$0.08.

July 29, 2011

11:40 am ET ... S&P KEEPS HOLD RECOMMENDATION ON SHARES OF WEYERHAEUSER (WY 20.00***): WY reports Q2 EPS of \$0.06, vs. \$0.20, below our \$0.10 estimate. Conditions remain difficult in many of WY's markets with the poor housing market hurting results in the timber, wood products, and home building businesses. Robust demand in Asia for wood products and pulp should provide some offset to expected weak housing conditions for the balance of 2011. We trim our 2011 EPS forecast to \$0.35 from \$0.40, but keep our 2012 forecast at \$0.80. We trim our 12-month target price to \$22 from \$24 due to a lower expected dividend growth rate in our dividend discount model. /Stuart J. Benway, CFA

May 19, 2011

01:29 pm ET ... S&P LOWERS RECOMMENDATION ON SHARES OF WEYERHAEUSER TO HOLD FROM BUY (WY 22.03***): We are reducing our 2011 EPS estimate for WY to \$0.40 from \$0.80, and 2012's to \$0.80 from \$1.00. Conditions in the domestic housing market have not improved as fast or as quickly as we expected, and this is hurting the Wood Products and Real Estate businesses. Even the normal seasonal boost in demand for lumber and panels has not occurred this year. However, the fibers businesses remains on pace for record results in 2011, in our view. We also cut our 12-month target price to \$24 from \$28, based on lower near-term cash flows in our discounted cash flow model. /S. Benway-CFA

April 29, 2011

WY posts \$0.18 Q1 EPS vs. \$0.10 loss on 11% sales rise. Street was looking for \$0.15 EPS.

April 29, 2011

08:41 am ET ... S&P RETAINS BUY OPINION ON SHARES OF WEYERHAEUSER (WY 24.0***): WY posts Q1 EPS of \$0.18, vs. a \$0.07 loss, below our estimate of \$0.22. Results benefited from the sale of non-strategic timberland but were hurt by higher input costs. While domestic homebuilding is expected to remain weak this year, rising Asian demand for wood products should lead to higher volume and pricing for Western logs. Demand and pricing is forecast to stay solid for Cellulose Fibers, but home closings are likely to remain weak. We maintain our 2011 EPS forecast of \$0.80 and introduce 2012's at \$1.00. We keep our 12-month target price of \$28. /S. Benway-CFA

Weyerhaeuser Co



Analysts' Recommendations

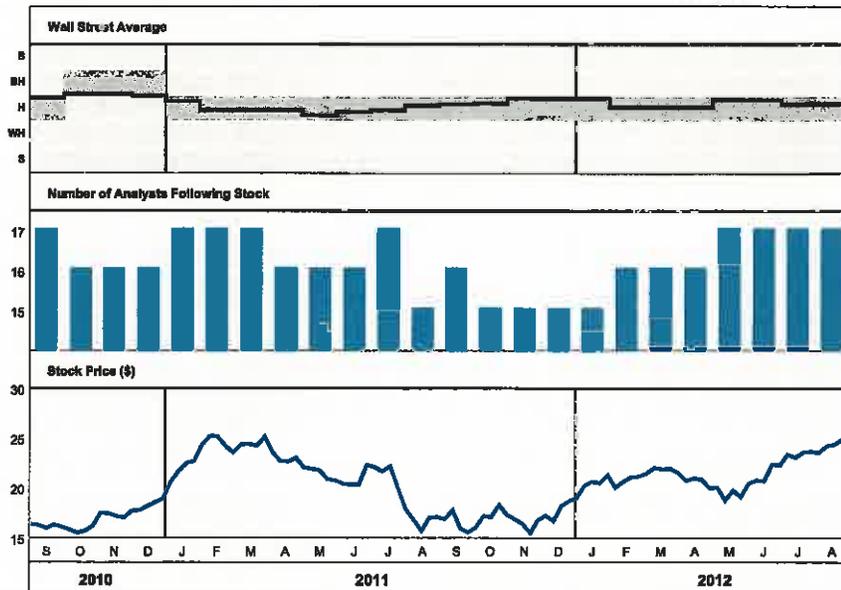
Wall Street Consensus Opinion

HOLD

Companies Offering Coverage

- Argus Research Company
- BMO Capital Markets, Canadian Equity Research
- Barclays
- BofA Merrill Lynch
- Buckingham Research Group Inc.
- Citigroup Inc
- Credit Agricole Securities (USA) Inc.
- Credit Suisse
- D.A. Davidson & Co.
- Deutsche Bank
- Dundee Securities Corporation
- Goldman Sachs
- JP Morgan
- Keefe, Bruyette, & Woods, Inc.
- Longbow Research LLC
- McAdams Wright Regen
- Moody's
- Morningstar Inc.
- RBC Capital Markets
- S&P Equity Research
- Scotiabank Global Banking and Market
- Soleil Securities Group, Inc.
- Stifel, Nicolaus & Co., Inc.
- UBS Investment Bank

Monthly Average Trend Buy Buy/Hold Hold Weak Hold Sell No Opinion WY Trend



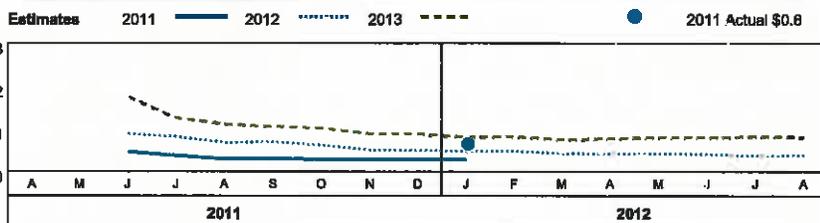
Of the total 24 companies following WY, 17 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	3	18	3	4
Buy/Hold	1	6	2	2
Hold	10	59	8	8
Weak Hold	2	12	3	2
Sell	1	6	1	1
No Opinion	0	0	0	0
Total	17	100	17	17

Wall Street Consensus Estimates

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that WY will earn \$0.38. For the 2nd quarter of fiscal year 2012, WY announced earnings per share of \$0.16, representing 42% of the total annual estimate. For fiscal year 2013, analysts estimate that WY's earnings per share will grow by 113% to \$0.81.



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	0.81	1.17	0.65	16	30.8
2012	0.38	0.47	0.25	15	65.6
2013 vs. 2012	▲ 113%	▲ 149%	▲ 160%	▲ 7%	▼ -53%
Q3'13	0.24	0.30	0.19	4	NM
Q3'12	0.14	0.17	0.09	13	NM
Q3'13 vs. Q3'12	▲ 71%	▲ 76%	▲ 111%	▼ -69%	NA

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

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Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates

Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment

is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves

as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:

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	Raw Score	Max Value
Proprietary S&P Measures	23	115
Technical Indicators	21	40
Liquidity/Volatility Measures	16	20
Quantitative Measures	22	75
IQ Total	82	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services

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Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

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★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★ **2-STARS (Sell):** Total return is expected to

underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

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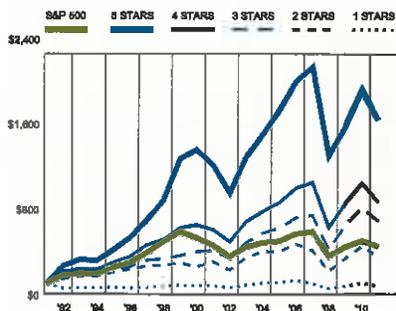
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U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of \$100
For the Period 12/31/1986 through 08/31/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the

equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a \$100,000 investment for a 12-month period (or \$10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or \$1,650), the net return would be 8.35 percent (or \$8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of \$5,375 and a cumulative net return of 27.2% (or \$27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

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September 4, 2012

Investment Recommendation

Purchase

Magna International Inc. (MGA)

Price \$43.42 Annual Dividend \$1.10 Yield 2.50

Magna International Inc., designs, develops and manufactures automotive systems, assemblies, modules and components, primarily for sale to original equipment manufacturers of cars and light trucks. Its customers include GM, Ford, BMW, Volkswagen and Chrysler among others. The company is based in Aurora, ON, Canada, employs over 100,000 people worldwide and reported revenues of \$28.7 billion in 2011.

We believe that the U.S. auto industry has seen the worst of the economic downturn and expect vehicle sales to continue to increase in the coming years. According to Polk Research the average age of U.S. cars is 11.1 years, a record high. The consensus forecast for 2012 light vehicle sales is 14.3 million units which represent a 12.5% increase over 2011. We are encouraged by Magna's increasingly diverse portfolio and its corporate objective of doubling sales to China in the next two years.

The stock is trading down about 12% from its 52 week high of \$49.60. The company reported adjusted earnings of \$1.48 for the second quarter ended June 30th which represents a 28% increase from the prior year. The consensus earnings estimate for the full fiscal year 2012 is \$5.08, a 20% increase over 2011. Revenues have continued to rebound since 2009 and consensus estimates are calling for 5-6% increase in 2012 and 2013.

We are encouraged by Magna's balance sheet management, increased capital expenditures into emerging markets and recent dividend increases. The company is well positioned to enjoy steady growth in the coming years and trading at only 9 times this year's consensus earnings estimate we think the shares look attractive.

Magna International Inc.

S&P Recommendation **STRONG BUY** ★★☆☆

Price
\$43.26 (as of Aug 31, 2012)

12-Mo. Target Price
\$57.00

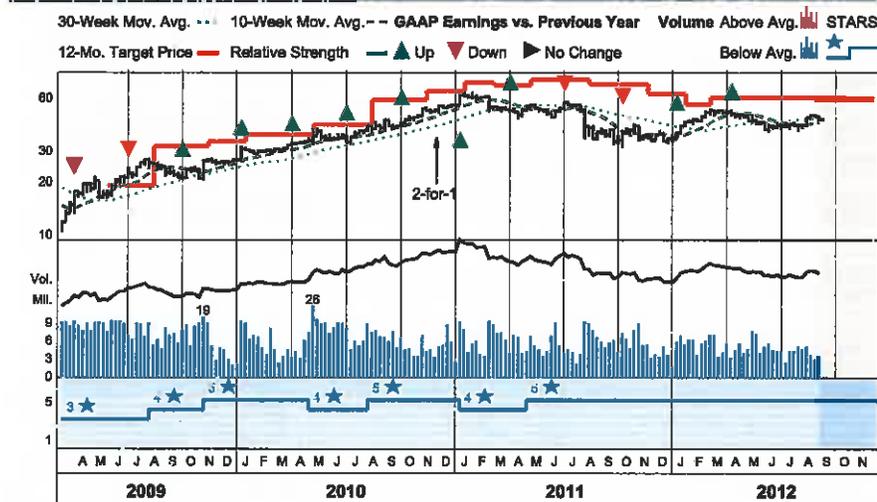
GICS Sector Consumer Discretionary
Sub-Industry Auto Parts & Equipment

Summary This Canadian company makes a diversified line of automotive components and systems, mainly for GM, Ford and Chrysler.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$49.60–30.03	S&P Oper. EPS 2012E	5.45	Market Capitalization(B)	\$10.100	Beta	1.43
Trailing 12-Month EPS	\$4.36	S&P Oper. EPS 2013E	5.96	Yield (%)	2.54	S&P 3-Yr. Proj. EPS CAGR(%)	13
Trailing 12-Month P/E	9.9	P/E on S&P Oper. EPS 2012E	7.9	Dividend Rate/Share	\$1.10	S&P Credit Rating	BBB+
\$10K Invested 5 Yrs Ago	\$10,554	Common Shares Outstg. (M)	233.5	Institutional Ownership (%)	72		

Price Performance



Analysis prepared by Equity Analyst **Efraim Levy, CFA** on Aug 23, 2012, when the stock traded at **\$45.42**.

Highlights

- ▶ We expect U.S. new light vehicle sales volume to rise 12% in 2012, to 14.3 million units. Global sales should rise, although the important European market should decline. We estimate a 5.6% increase in revenues for Magna in 2012, even as gains in euro denominated sales are largely masked after translation into dollars, based on recent exchange rates. Revenues should increase 6.1% in 2013.
- ▶ Reduced start-up costs and third-party outsourcing should help 2012 margins, partly offset by other launch costs. Magna is investing heavily in expanding in new and emerging regions. We expect these expansion actions to benefit results in 2012 and 2013, even with greater up-front costs. The drain from troubled European plants should be mitigated over time as MGA focuses on profitability over revenue.
- ▶ We view the company's financial position as strong, with about \$1.4 billion in cash and cash equivalents as of June 30, 2012, and long-term debt of \$263 million (including \$162 million due within one year). Priorities for using cash are likely to be organic growth, especially in emerging markets; acquisitions; dividend increases; and stock repurchases.

Investment Rationale/Risk

- ▶ Based on our view of the company's stronger balance sheet and solid manufacturing capabilities, we believe MGA's valuation should be higher than most peers. Magna has eliminated its dual-class capital structure that gave the chairman and three family members who are the trustees of the Stronach Trust greater voting rights than other shareholders. MGA has implemented what we view as several shareholder-friendly actions, including a 2-for-1 stock split, a stock repurchase program, and a boost in the cash dividend payout.
- ▶ Risks to our recommendation and target price include a slower-than-expected increase in demand for vehicles in general and for vehicles with high MGA parts content in particular. Unfavorable currency movements should be a negative as well.
- ▶ After EBITDA of more than \$1.9 billion in 2011, we see an increase to \$2.3 billion in 2012. Our 12-month target price of \$57 is about 10.5X our 2012 EPS estimate of \$5.45, reflecting historical and peer P/E comparisons and the company's improved outlook even amid concerns about economic growth weakening, especially in Europe. We expect EPS of \$5.96 in 2013.

Qualitative Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects the highly cyclical nature of MGA's markets and its dependence on certain customers, offset by our view of the company's healthy financial position and superior manufacturing capabilities.

Quantitative Evaluations

S&P Quality Ranking **B**

D C B- B B+ A- A A+

Relative Strength Rank **MODERATE**

66
LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. \$)	1Q	2Q	3Q	4Q	Year
2012	7,666	---	---	---	---
2011	7,189	7,338	6,970	7,251	28,748
2010	5,512	6,050	5,942	6,598	24,102
2009	3,574	3,705	4,669	5,419	17,367
2008	6,622	6,713	5,533	4,836	23,704
2007	6,423	6,731	6,077	6,836	26,067

Earnings Per Share (U.S. \$)

	2012	1.46	E1.48	E1.20	E1.30	E5.45
2011	1.30	1.15	0.42	1.32	4.20	
2010	0.99	1.30	1.03	0.88	4.18	
2009	-0.90	-0.92	0.23	-0.63	-2.21	
2008	0.89	0.99	-0.97	-0.67	0.31	
2007	0.98	1.17	0.69	0.12	2.93	

Fiscal year ended Dec. 31. Next earnings report expected: NA. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates mm/dd Payment Date mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.250	11/03	11/28	11/30	12/15/11
0.275	02/23	03/08	03/12	03/23/12
0.275	05/10	05/29	05/31	06/15/12
0.275	08/09	08/29	08/31	09/14/12

Dividends have been paid since 1999. Source: Company reports.

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Magna International Inc.

Business Summary August 23, 2012

CORPORATE OVERVIEW. Magna International supplies parts, components and assemblies to car and light truck original equipment manufacturers (OEMs). Magna believes it is the largest Canadian manufacturer of these OEM products, which include exterior and interior decorative items, electromechanical and electronic devices, metal stampings, mechanical devices and assemblies, accessory drives, pulleys, molded plastic parts, and airbag modules. Magna also provides complete vehicle design, engineering, testing, assembly and program management services to its customers.

The company operates internationally through three geographic regions: North America, Europe, and the rest of the world. In 2011, sales to North America accounted for 51% of worldwide sales, versus 52% in 2010; sales to countries in Europe accounted for 43% of worldwide sales in 2011, flat with 2010; and other sales accounted for 6% in 2011, up from 5% in 2010. Sales to GM, BMW, Fiat/Chrysler Group, Ford, Volkswagen Group and Daimler accounted for 22%, 15%, 13%, 12%, 11% and 10%, respectively, of revenues in 2011.

CORPORATE STRATEGY. The company is focusing its product strategy on achieving the status of a full systems supplier or integrator for large automotive body systems.

Magna plans to pursue strategic acquisitions that provide access to new technologies, entry into new markets, or diversification of its customer base. MGA also allocates at least 7% of pretax income to develop new products and manufacturing processes as required by its corporate constitution.

MARKET PROFILE. Our fundamental outlook for the auto parts and equipment sub-industry is positive, reflecting our expectations for rising demand in the U.S. and abroad, partly offset by slowing economic growth, increased raw material and oil and gasoline prices and other operational challenges. We believe profits in 2012 should benefit from higher U.S. and international vehicle production.

We estimate an increase to 14.3 million units in U.S. light vehicle sales for 2012, from 12.7 million in 2011, as well as gains in most other regions. Rising prosperity in emerging markets, led by China, should drive global demand growth, despite slowing regional economic growth, and debt problems that should reduce European demand. While U.S. demand will likely remain low by historical standards, overall, we think higher volume in the U.S. and abroad versus 2011 will help corporate profits and cash flows. Positive factors we see in the U.S. for 2012 include pent-up consumer and business demand and improved access to credit for consumers. The average vehicle age is now about 11 years old, an industry record. Cost cutting should also help margins. However, high gasoline prices are a risk. Also, any easing of high raw material costs would benefit profit margins.

We forecast higher global vehicle production in 2012, with production trends varying by country. U.S. new light vehicle production should increase, while European production should decrease, in our view. We project higher production in Asia, including gains in a post-crisis Japan, and expect improved U.S. automotive replacement parts market demand. We see increased sales in 2012.

FINANCIAL TRENDS. Magna posted negative margins in 2009, but it returned to profitability in 2010 and 2011. Net margins declined from 5.7% in 2000 to 2.4% in 2006, including restructuring costs. Adjusted net margins then rose to 3.1% in 2007 (2.8% including special items), but narrowed to 1.3% (adjusted) in 2008.

We expect the company to increase capital spending to nearly \$1.5 billion in 2012, mostly for investment in emerging markets.

We believe the company will benefit from increasing product, customer and geographic diversification. Also, the company should meet its objective of doubling sales in China between 2010 and 2013, by our analysis.

While we believe many companies in the automotive parts industry are struggling with challenged balance sheets, and that this has contributed to some of them filing for bankruptcy protection, we consider Magna to be financially healthy. We think its year-end 2011 long-term debt to capitalization ratio of less than 1.0%, excluding the current portion of long-term debt, supports our view.

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D. J. Walker
L. D. Worrall
W. L. Young

Domicile Ontario	Auditor ERNST & YOUNG
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Founded
1905

Stockholders
1,200

Magna International Inc.

Quantitative Evaluations

S&P Fair Value Rank	NR	1	2	3	4	5
		LOWEST				HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation	NA
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Investability Quotient Percentile	93
	LOWEST = 1 HIGHEST = 100

MGA scored higher than 93% of all companies for which an S&P Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation	BULLISH	Since August, 2012, the technical indicators for MGA have been BULLISH.
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Insider Activity	NA	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2011	2010	2009	2008
Price/Sales	0.28	0.50	0.33	0.14
Price/EBITDA	4.19	6.59	13.83	2.43
Price/Pretax Income	6.65	10.12	NM	10.39
P/E Ratio	7.94	12.45	NM	48.01
Avg. Diluted Shares Outstg (M)	242.8	233.0	223.6	227.8

Figures based on calendar year-end price

Key Growth Rates and Averages

	1 Year	3 Years	5 Years	9 Years
Past Growth Rate (%)				
Sales	19.28	9.49	0.92	6.02
Net Income	4.62	NM	-61.78	-70.10

	2011	2010	2009	2008
Ratio Analysis (Annual Avg.)				
Net Margin (%)	3.54	1.58	1.52	2.20
% LT Debt to Capitalization	0.55	0.87	1.63	4.56
Return on Equity (%)	12.60	6.17	5.56	7.89

Company Financials Fiscal Year Ended Dec 31

Per Share Data (U.S. \$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	29.78	28.21	27.55	27.31	31.61	27.58	25.84	24.22	23.49	24.47
Cash Flow	7.02	7.01	1.09	4.15	6.73	5.92	6.19	6.63	5.68	5.30
Earnings	4.20	4.18	-2.21	0.31	2.93	2.39	2.95	3.57	2.96	2.91
Dividends	1.00	0.42	0.09	0.63	0.58	0.76	0.76	0.74	0.68	0.68
Payout Ratio	24%	10%	NM	NM	20%	32%	26%	21%	23%	23%
Prices:High	62.20	52.98	25.98	40.98	50.15	41.68	41.39	42.67	41.80	39.04
Prices:Low	30.03	25.58	9.81	11.40	35.56	34.20	30.00	33.74	25.13	24.68
P/E Ratio:High	15	13	NM	NM	17	17	14	12	14	13
P/E Ratio:Low	7	6	NM	NM	12	14	10	9	9	8

Income Statement Analysis (Million U.S. \$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenue	28,748	24,102	17,367	23,704	26,067	24,180	22,811	20,653	15,345	12,971
Operating Income	1,932	1,838	409	1,403	2,007	1,809	1,782	1,771	1,533	1,364
Depreciation	686	661	737	873	872	790	711	598	505	422
Interest Expense	19.0	12.0	27.0	51.0	52.0	50.0	60.0	30.0	21.0	Nil
Pretax Income	1,217	1,197	-511	328	1,152	792	942	1,156	1,034	928
Effective Tax Rate	16.6%	19.7%	NM	78.4%	42.5%	33.3%	31.0%	34.4%	36.1%	34.2%
Net Income	1,018	973	-493	71.0	663	528	639	692	589	554

Balance Sheet & Other Financial Data (Million U.S. \$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Cash	1,325	2,105	1,334	2,757	2,954	1,885	1,682	1,519	1,528	1,227
Current Assets	8,146	7,814	6,303	7,351	8,770	7,060	6,603	6,281	5,371	4,369
Total Assets	14,679	13,898	12,303	13,189	15,343	13,154	12,321	11,609	9,816	10,142
Current Liabilities	5,724	5,200	4,299	5,093	5,658	4,783	4,388	4,061	3,435	2,936
Long Term Debt	46.0	46.0	115	143	337	605	700	806	308	472
Common Equity	8,175	8,065	7,360	7,363	8,642	7,157	6,565	5,442	4,930	5,421
Total Capital	8,329	8,316	7,616	7,642	9,231	8,010	7,607	7,238	6,094	6,928
Capital Expenditures	1,236	784	629	739	741	793	848	859	801	898
Cash Flow	1,704	1,634	244	944	1,535	1,318	1,350	1,290	1,094	976
Current Ratio	1.4	1.5	1.5	1.4	1.6	1.5	1.5	1.5	1.6	1.5
% Long Term Debt of Capitalization	0.6	0.6	1.5	1.9	3.7	7.6	9.2	11.1	5.1	6.8
% Net Income of Revenue	3.5	4.0	NM	0.3	2.5	2.2	2.8	3.4	3.8	4.3
% Return on Assets	7.2	7.4	NM	0.5	4.7	4.1	5.3	6.4	5.9	6.1
% Return on Equity	12.6	12.6	NM	0.9	8.4	7.7	10.7	13.4	11.4	11.2

Data as orig reptd., bef. results of disc opers/spec. items. Per share data adj. for stk. divs., EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Magna International Inc.

Sub-Industry Outlook

Our fundamental outlook for the auto parts and equipment sub-industry is positive, reflecting our expectations for rising demand in the U.S. and abroad, partly offset by slow economic growth. Recently, we have become more concerned about challenges in Europe and slowing growth rates in China and elsewhere. However, raw material and oil and gasoline prices have been generally improving of late. We believe profits in 2012 should benefit from higher U.S. and international vehicle production.

We estimate an increase to 14.3 million units in U.S. light vehicle sales for 2012, from 12.7 million in 2011, as well as gains in most other regions. Rising prosperity in emerging markets, led by China, should drive global demand growth, despite slowing regional economic growth, and debt problems that should reduce European demand. While U.S. demand will likely remain low by historical standards, overall, we think higher volume in the U.S. and abroad versus 2011 will help corporate profits and cash flows. Positive factors we see in the U.S. for 2012 include pent-up consumer and business demand and improved access to credit for consumers. The average vehicle age is now about 11 years old, an industry record. Cost cutting should also help margins, but a return to higher gasoline prices is a risk. Also, easing of high raw material costs would benefit profit margins, while an increase would hurt.

We forecast higher global vehicle production in 2012, with production trends varying by country. U.S. new light vehicle production should increase. European production should decrease. We project higher production in Asia, including gains in a post-crisis Japan, and expect improved U.S. automotive replacement parts market demand. We think demand for new commercial (heavy) trucks

will rise again in 2012.

Many auto parts suppliers are increasing their revenues generated outside the U.S. Emerging markets are becoming more attractive to parts manufacturers due to lower labor costs for manufacturing and engineering and/or due to growing demand in local and regional markets. Over time, we expect some domestic parts suppliers to increase penetration of import brands, which are shifting more of their production to the U.S.

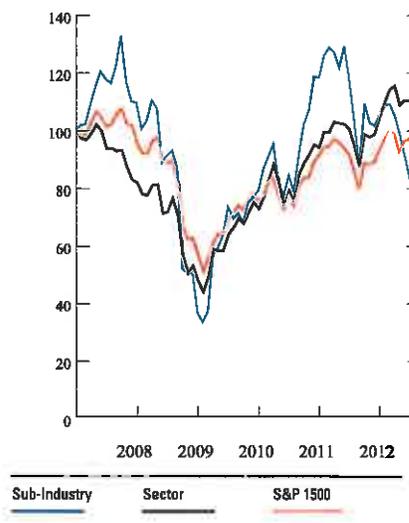
Year to date through August 10, the S&P Auto Parts & Equipment Index declined 12.6%, versus an 11.5% gain for the S&P 1500 Index. In 2011, the sub-industry index dropped 14.3% versus a 0.3% dip for the S&P 1500.

--Efraim Levy, CFA

Stock Performance

**GICS Sector: Consumer Discretionary
Sub-Industry: Auto Parts & Equipment**

Based on S&P 1500 Indexes
Month-end Price Performance as of 08/31/12



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Auto Parts & Equipment Peer Group*: Automobile Original Equipment - Larger Cos.

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Magna International	MGA	10,100	43.26	49.60/30.03	1.43	2.5	10	NA	B	93	3.5	0.6
Amer Axle & Manufacturing	AXL	838	11.17	13.08/6.77	2.50	Nil	8	12.50	B-	16	5.3	155.2
Borg Warner	BWA	7,871	68.78	87.45/54.59	1.63	Nil	16	83.50	B+	97	8.0	20.6
Linamar Corp	LNR.C	1,396	21.58	21.61/12.55	NA	1.5	17	NA	B	NA	3.5	41.7
TRW Automotive Hldg	TRW	5,334	43.71	49.08/28.85	NM	Nil	6	50.30	B	89	7.4	29.6

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Magna International Inc.**S&P Analyst Research Notes and other Company News****August 10, 2012**

12:26 pm ET ... S&P KEEPS STRONG BUY OPINION ON SHARES OF MAGNA INTERNATIONAL (MGA 44.29****): We raise our '12 EPS estimate by \$0.24 to \$5.45 and '13's by \$0.18 to \$5.96. We keep our 12-month target price at \$57, based on historical and peer P/E analysis and global economic concerns. MGA posts Q2 EPS of \$1.48, vs. \$1.15, above our \$1.32 estimate. Operating margins were better than expected, and we raise our profitability outlook for the 2nd half even as our sales forecast drops slightly. Europe's profits improved despite challenges there, aided by strong representation with German companies. The balance sheet is strong, in our view, and we expect healthy free cash flow. /E. Levy, CFA

May 10, 2012

UP 1.97 to 44.77... MGA posts \$1.46 vs. \$1.30 Q1 EPS on 6.6% sales rise. Capital IQ consensus forecast was \$1.30. MGA updates '12 outlook, now sees \$29.0B-\$30.5B sales with an operating margin in low 5% range. S&P Capital IQ raises estimates, reiterates strong buy. ...

May 10, 2012

11:36 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF MAGNA INTERNATIONAL (MGA 44.87****): MGA posts Q1 EPS of \$1.46, vs. \$1.30, above our \$1.28 estimate. Sales slightly beat our forecast. Key factors to the outperformance were better than expected operating margins and equity income, and lower than expected tax rates. We note European outperformance, and we see MGA benefiting from global automotive growth and reduced launch costs. We raise our '12 and '13 EPS forecasts by \$0.42 and \$0.33 to \$5.21 and \$5.77, respectively on improving margins and fewer shares. We view finances as strong. Based on historical and peer P/E analysis, we keep our \$57 target price. /E. Levy, CFA

April 2, 2012

Mike Harris, the former premier of Ontario, will step down as chairman of Magna International, Inc. alongside with two other controversial board members who will also not seek re-election. The move comes ahead of the company's annual general meeting in May where changes to Magna's corporate governance come into effect that would require nominees for the board to win a majority of the support from shareholders before being elected to the board.

February 24, 2012

MGA posts \$1.32 vs. \$0.89 Q4 EPS on 13% higher revenue. Declares an increased quarterly dividend of \$0.275 per common share. For 2012, sees total sales of \$28.0B-\$29.5B, capital spending of \$1.3B-\$1.5B.

February 24, 2012

12:32 pm ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF MAGNA INTERNATIONAL (MGA 48.21****): We estimate Q4 adjusted EPS of \$1.08, vs. \$0.87, above our \$0.98 projection. MGA raised its N. America industry production outlook and its own revenue forecast for '12. As our projection already incorporated a higher outlook, we are not increasing our sales forecast. However, we are raising our operating margin outlook and we increase our '12 EPS forecast \$0.09 to \$4.79, but keep '13's. Despite concerns about European operations, with the MGA's improved outlook, we raise our target P/E multiple to under 12X our '12 estimate, and up our target price by \$5 to \$57. /E. Levy, CFA

February 23, 2012

06:01 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF MAGNA INTERNATIONAL (MGA 45.41****): We expect Magna to report Q4 EPS of \$0.99, vs. \$0.88. We see EPS rising 8.2% to \$4.70 in '12, on revenues of \$30.6B, accelerating to 16% growth to \$5.44 in '13 on sales of \$32.6B. We expect MGA to benefit from growth in emerging markets where volume is rising rapidly, and where Magna is increasing its manufacturing presence. Even as we expect Europe to struggle to grow '12 revenues, we look for margin improvement efforts in Europe and volume gains elsewhere to help margins expand starting later this year and more so in '13. Yielding 2.2%, we view MGA as compelling. /E. Levy, CFA

January 13, 2012

11:41 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF MAGNA INTERNATIONAL (MGA 39.28****): We see troubled plants and economic weakness in Europe as a drain in '12, but believe Magna will reduce the impact by focusing on improving profits rather than sales. Even so, euro-denominated

sales should still expand in '12, but be masked by the translation into dollars, assuming current exchange rates. Even as we trim our revenue growth forecasts through '13, we raise our operating margin and profit forecasts, on MGA's guidance. After share repurchases, we up our '12 EPS estimate by \$0.24 to \$4.70, but cut our target price by \$8 to \$52 on P/E analysis amid rising uncertainty. /E. Levy, CFA

January 11, 2012

MGA expects consolidated total sales to be between \$27.8B-\$29.3B for 2012, and expects consolidation production sales to be between \$23.6B-\$24.7B, based on full year 2012 light vehicle production volumes of approximately 13.6 million units in North America and approximately 13.0 million units in Western Europe. Expects a net increase in total production sales over the two-year period from 2012 to 2014 of about \$3.2B.

November 17, 2011

12:51 pm ET ... S&P REITERATES STRONG BUY ON SHARES OF MAGNA INTERNATIONAL (MGA 34.52****): We are lowering our financial forecasts for Magna. The weakening economic environment, especially in Europe, which accounted for about 43% of MGA sales year-to-date, and unfavorable raw material prices and currency will likely pressure margins. The company is also making upfront investments for future growth. We lower our '11 EPS estimate \$0.31 to \$4.27 and '12's by \$0.67 to \$4.46. We view MGA's balance sheet as strong, but cut our 12-month target price by \$8 to \$60 on reduced forecasts. However, with an above average yield, we still see MGA as a compelling investment. /E. Levy, CFA

November 3, 2011

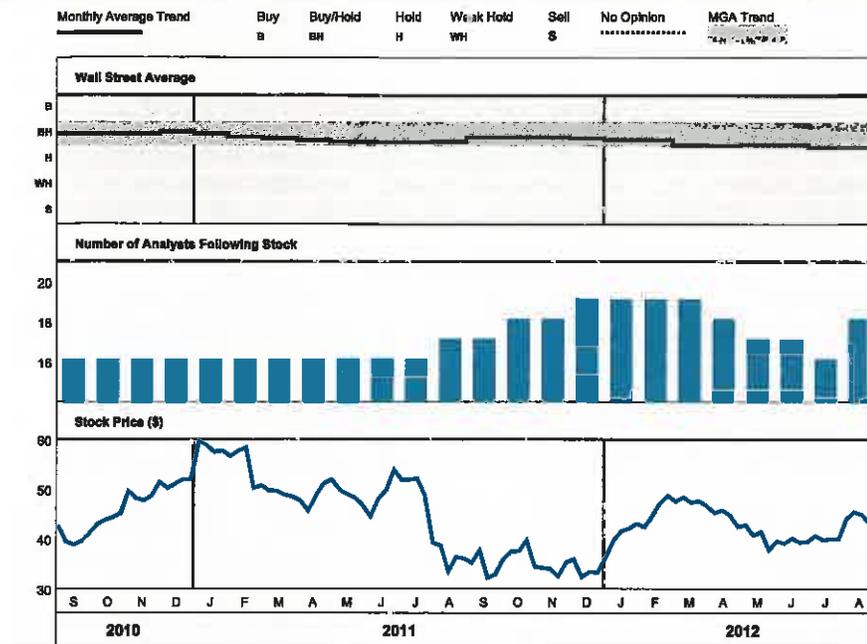
MGA posts \$0.42 vs. \$1.14 Q3 EPS as higher expenses and costs offset a 21% sales rise. S&P Capital IQ consensus forecast was \$0.98. For 2011, MGA now sees total sales of \$28.1B-\$28.9B. Also, co. says its board approved a plan to buy back up to 12M common shares, starting on or about Nov. 11, 2011 and terminating one year later.

November 3, 2011

02:37 pm ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF MAGNA INTERNATIONAL (MGA 34.24****): Adjusted Q3 EPS of \$0.94, vs \$1.07, is below our \$1.12 forecast. Despite higher than expected sales, European issues dragged down margins. We see high raw material costs and new business investment restraining operating '12 margins. In '13, we see revenue and profit contributions from some of the investments and improvement in Europe. The balance sheet remains strong, in our view, and supportive of shareholder friendly actions, including acquisitions, share buybacks and dividend increases. Despite the EPS shortfall, we see MGA showing future progress and rewarding shareholders. /E. Levy, CFA

Magna International Inc.

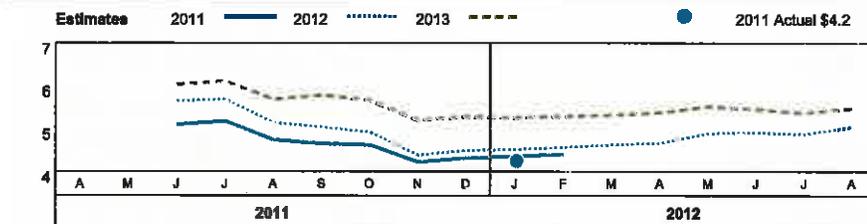
Analysts' Recommendations



Of the total 18 companies following MGA, 18 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	4	22	3	4
Buy/Hold	6	33	5	5
Hold	5	28	6	6
Weak Hold	2	11	1	1
Sell	1	6	1	1
No Opinion	0	0	0	0
Total	18	100	16	17

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	5.49	5.96	4.80	19	7.9
2012	5.05	5.45	4.85	18	8.6
2013 vs. 2012	▲ 9%	▲ 9%	▼ -1%	▲ 6%	▼ -8%
Q2'13	1.55	1.67	1.43	15	27.9
Q2'12	1.28	1.36	1.23	15	33.8
Q2'13 vs. Q2'12	▲ 21%	▲ 23%	▲ 16%	0%	▼ -17%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- BMO Capital Markets, Canadian Equity Research
- BofA Merrill Lynch
- CIBC World Markets Inc.
- Canaccord Genuity
- Citigroup Inc
- Credit Suisse
- Deutsche Bank
- GMP Securities L.P.
- Genuity Capital Markets
- Goldman Sachs
- JP Morgan
- KeyBank Capital Markets Inc.
- Morningstar Inc.
- RBC Capital Markets
- Scotiabank Global Banking and Market
- Societe Generale Cross Asset Research
- UBS Investment Bank
- Wells Fargo Securities, LLC

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that MGA will earn \$5.05. For the 1st quarter of fiscal year 2012, MGA announced earnings per share of \$1.46, representing 29% of the total annual estimate. For fiscal year 2013, analysts estimate that MGA's earnings per share will grow by 9% to \$5.49.

Magna International Inc.

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates

Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment

is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves

as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale: Magna International

	Raw Score	Max Value
Proprietary S&P Measures	23	115
Technical Indicators	19	40
Liquidity/Volatility Measures	15	20
Quantitative Measures	66	75
IQ Total	123	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TVX - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services

Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes McGraw-Hill Financial Singapore Pte. Limited's

Magna International Inc.



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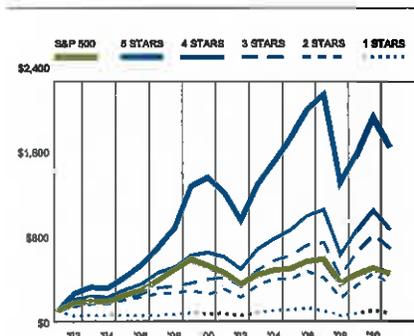
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U.S. STARS Cumulative Model Performance Hypothetical Growth Due to Price Appreciation of \$100 For the Period 12/31/1986 through 08/31/2012



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For model performance calculation purposes, the

equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

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