



Vongsavanh Mouanoutoua
Board Chair

Brian Angus
Executive Director

PENSION COMMITTEE
Thursday, November 4, 2010 – 11:00 a.m.
Human Resources Training Room
1900 Mariposa Mall, Suite 125

Commissioners:

Tito Lucero (Chair)
Vongsavanh Mouanoutoua
Randy Kevorkian
Homer Leija

Trustees

George Egawa
Dawn Cagle

Employees Reps

Janet Berberian
Paul McLain

Staff

Brian Angus
Salam Nalia
Rebecca Heinrichy
Carmen Lopez

AGENDA

		<u>Page</u>
I.	Call to Order	
II.	Roll Call	
III.	Approval of Minutes, May 6, 2010	Approve 1
IV.	Quarterly Financial Reports	Approve
	A. Pension Funds Status Report	2
	B. Investment Performance Reports	
	1. Composite	4
	2. NWQ Investment Management	10
	3. Madison Capital Management	27
	4. Lazard Asset Management	43
V.	Other Business	
VI.	Adjournment	

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION
PENSION COMMITTEE MEETING**

Thursday, May 6, 2010

MINUTES

- I. Call to Order
- II. The meeting was called to order by Chairperson Tito Lucero at 11:05 p.m.
- II. Roll Call
- | | | |
|-------------------------|-----------------------|------------------------------------|
| Members Present: | Staff Present: | Others Present: |
| Tito Lucero | Salam Nalia | Dwayne Michael, Morgan Stanley |
| Homer Leija | Carmen Lopez | Matt Peterson, Morgan Stanley |
| George Egawa | | Peter Mersino, Kaku & Mersino, LLP |
| Dawn Cagle | | |
| Janet Berberian | | |
| Paul McLain-Lugowski | | |
- III. Approval of Minutes, February 4, 2010
M/S/C (Leija/Berberian) to approve minutes as presented.
- IV. 2009 Audit Report by Kaku & Mersino, LLP
Peter Mersino of Kaku and Mersino, LLP, presented the 2009 Audit Report for the Pension Plan. The Net Assets available amounted to \$20,184,817, an increase of Net Assets available from \$15,750,731 the previous year. Financial statements were presented in conformity with generally accepted accounting principles.
Discussion.
- V. Quarterly Financial Reports
Nalia presented an unaudited financial statement report as of March 31, 2009. The net assets available are \$21,305,522, up from \$20,188,169 the previous quarter. The participant report indicated 1,215 participating employees in the Plan and 236 employees participating in the voluntary contribution. There are 278 participants in the plan that have terminated employment and may request distributions at any time.
- Michael presented a summary of the accounts, stating the Pension Plan is up 3.3% for the 1st Quarter of 2010. The plan currently has 67.5% of the investments in equities and 32.5% in fixed income. Michael gave an overview of the markets and reported that they are projecting several years of a slow recovery and are expecting an 8% to 10% annualized return for 2010.
- M/S/C (Leija/ Berberian) to approve the financial reports as presented.*
- VI. Other Business
The next meeting is scheduled for August 5, 2010, in the HR Training Room
- VI. There being no further business, the meeting adjourned at 11:29 a.m.

Respectfully submitted,

Tito Lucero, Chair

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION
PENSION TRUST FUND**

**FINANCIAL REPORT
as of SEPTEMBER 30, 2010 and 2009**

	UNAUDITED		
	CURR PERIOD	YEAR to DATE	FY 2009
ASSETS:			
Money Market Accounts-Reconciled		\$332,931	\$102,019
Cash		0	0
Access/NWQ Invest		8,811,762	8,283,377
Access/Madison		3,097,024	2,750,578
Access/Lazard		3,492,905	2,851,452
Certificates Of Deposit		3,292,218	3,705,527
Government Securities		813,791	147,113
Gov't Mutual Funds		101	99
Corporate Fixed Income		1,477,636	1,450,669
		<u>0</u>	<u>0</u>
TOTAL INVESTMENTS		<u>\$21,318,368</u>	<u>\$19,290,833</u>
Employer Contribution Receivable		\$0	\$63,198
Employee Contribution Receivable		0	6,471
Other Receivables		0	0
Accrued Income		67,783	55,555
		<u>67,783</u>	<u>55,555</u>
TOTAL RECEIVABLES		<u>\$67,783</u>	<u>\$125,224</u>
TOTAL ASSETS		<u>\$21,386,151</u>	<u>\$19,416,057</u>
LIABILITIES:			
Taxes Payable		\$0	\$0
Payable To FCEOC		0	0
Distributions Payable		0	0
		<u>0</u>	<u>0</u>
TOTAL LIABILITIES		<u>\$0</u>	<u>\$0</u>
TOTAL ASSETS LESS LIABILITIES		<u>\$21,386,151</u>	<u>\$19,416,057</u>
FUND BALANCE:			
Distributed Fund Balance		\$20,184,817	\$15,750,731
Undistributed Funds		0	0
		<u>0</u>	<u>0</u>
TOTAL BEGINNING BALANCE		<u>\$20,184,817</u>	<u>\$15,750,731</u>
INCOME:			
Employer Contributions	\$324,432	\$1,136,535	\$1,104,851
Voluntary Contributions	34,410	114,609	119,680
Other Income	0		0
Investment Earnings	1,710,457	709,559	2,857,659
	<u>1,710,457</u>	<u>709,559</u>	<u>2,857,659</u>
TOTAL INCOME	<u>\$2,069,299</u>	<u>\$1,960,703</u>	<u>\$4,082,190</u>
DISBURSEMENTS:			
Employer Distributions	\$273,752	\$600,661	\$361,033
Voluntary Distributions	143,785	158,561	49,859
Plan Expenses	13	147	5,972
	<u>13</u>	<u>147</u>	<u>5,972</u>
TOTAL DISBURSEMENTS	<u>\$417,550</u>	<u>\$759,369</u>	<u>\$416,864</u>
NET ASSETS AVAILABLE	<u>\$1,651,750</u>	<u>\$21,386,151</u>	<u>\$19,416,057</u>

**FRESNO COUNTY ECONOMIC OPPORTUNITIES COMMISSION
PENSION INVESTMENT REPORT**

For the Three Months ended
SEPTEMBER 30, 2010

UNAUDITED

INVESTMENT	% DIST	MARKET VALUE	PERIOD INCOME	Y-T-D INCOME
ACCESS/NWQ INVEST	41.33%	\$8,811,762	\$771,628	\$272,882
ACCESS/MADISON	14.53%	3,097,024	296,207	18,053
ACCESS/LAZARD	16.38%	3,492,905	482,982	77,281
GOVERNMENT SECURITIES	3.82%	813,791	8,865	27,931
GOVT MUTUAL FUNDS	0.00%	101	0	1
CORP. FIXED INCOME	6.93%	1,477,636	64,331	116,883
CERTIFICATES OF DEPOSIT	15.44%	3,292,218	86,327	196,058
CASH DEPOSIT	1.56%	332,931	117	470
TOTALS	100.00%	\$21,318,368	\$1,710,457	\$709,559

PENSION PARTICIPANTS REPORT

We have one thousand two hundred thirty-four (1,234) participating employees in the Plan as of September 30, 2010.

There are two hundred twenty (220) employees participating in the voluntary contribution portion of the Plan with combined balances of \$1,178,824.65

There are two hundred thirty-one (231) participants in the plan that have terminated employment and may request distributions at any time. The combined balances in their accounts is \$1,402,793.75

Performance Report for:

FRESNO COUNTY EOC PENSION PLAN SEPTEMBER 30, 2010
10/27/2010

MICHAEL/PETERSEN
Financial Advisor

9 RIVER PARK PL EAST SUITE 400
FRESNO, CA 93720
Phone: (559) 433-1330

This Performance Report may show the consolidated performance of some, but not necessarily all, of your Morgan Stanley Smith Barney accounts. In addition, it may show the full performance history of your accounts or just the performance of your accounts since inception in their current Morgan Stanley Smith Barney programs. In some cases, it may show the combined performance of brokerage accounts and advisory accounts (for more information about the differences between brokerage and advisory accounts, please refer to the Glossary of Terms contained at the end of this report). It is important that you understand the combination of accounts and account histories that are included in this Performance Report. Upon your request, performance information can be obtained for other accounts you may have with us, but which are not shown here.

Accounts included in this Performance Report may have had different investment objectives, been subject to different rules and restrictions, and incurred different types of fees, mark-ups, commissions, and other charges. Accordingly, the performance results for this portfolio may blend the performance of assets and strategies that may not have been available in all of your accounts at all times during the reporting period. Please consult your Financial Advisor for more information about the fees and expenses applicable to the accounts included in this Performance Report.

The following account(s) have been included in this performance report:
103 013741, 103 034754, 103 117187, 103 118109

For additional information about all accounts listed, please refer to the Consolidated Accounts List section.

This report is not an official statement. The information contained in this report is not complete without the required disclaimer and glossary, which you should read carefully. The information in this report should not be considered as the sole basis for any investment decision.

Change In Portfolio

	Current Month (\$) 8/31/10 - 9/30/10	Current Qtr (\$) 6/30/10 - 9/30/10	Current Year (\$) 12/31/09 - 9/30/10	Last 12 Months (\$) 9/30/09 - 9/30/10	Last 3 Years (\$) 9/30/07 - 9/30/10	Last 5 Years (\$) 9/30/05 - 9/30/10	Last 10 Years (\$) 9/30/00 - 9/30/10	Since Inception (\$) 10/3/89 - 9/30/10
Total Beginning Value	19,944,161.49	19,741,531.57	20,246,698.69	19,363,191.67	20,107,573.98	15,515,562.23	4,479,058.82	1,100,000.00
(includes accrued income)								
Net Contributions/Withdrawals	174,987.90	(2,727.81)	473,153.25	859,595.68	2,295,614.22	3,525,145.96	11,078,844.84	11,373,208.82
Net Invested Capital	20,119,149.39	19,738,803.76	20,719,851.94	20,222,787.35	22,403,188.20	19,040,708.19	15,557,903.66	12,473,208.82
Net Portfolio Appreciation	1,263,266.48	1,643,612.11	662,563.93	1,159,628.52	(1,020,772.33)	2,341,707.68	5,824,512.21	8,909,207.05
Total Ending Value	21,382,415.87	21,382,415.87	21,382,415.87	21,382,415.87	21,382,415.87	21,382,415.87	21,382,415.87	21,382,415.87
(includes accrued income)								
Cumulative Total Account (TWR Net Return)	6.32	8.36	3.19	5.80	-2.09	2.55	3.60	8.16
Annualized Total Account (TWR Net Return)								

Performance History



Comparative Performance Returns

	Current Month (%) 8/31/10 - 9/30/10	Current Qtr (%) 6/30/10 - 9/30/10	Current Year (%) 12/31/09 - 9/30/10	Last 12 Months (%) 9/30/09 - 9/30/10	Last 3 Years (%) 9/30/07 - 9/30/10	Last 5 Years (%) 9/30/05 - 9/30/10	Last 10 Years (%) 9/30/00 - 9/30/10	Since Inception (%) 10/3/89 - 9/30/10
Total Account (TWR Gross Return)	6.32	8.36	3.19	5.80	-2.09	2.55	3.60	8.16
Balanced 60/30/10	5.50	7.68	4.98	8.97	-1.72	2.79	2.13	7.33
S&P 500	8.52	11.29	3.99	10.16	-7.18	0.64	-0.49	7.97
BC Govt Credit Intermediate	0.47	2.76	7.44	7.77	6.93	0.64	6.05	6.32
NASDAQ OTC Composite	12.10	12.12	4.68	12.18	-3.55	2.58	-3.99	8.54

Performance for all periods greater than one year is annualized

Top 10 Holdings

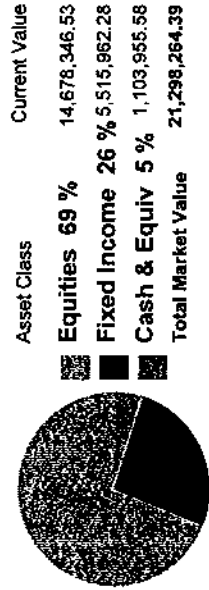
Security	Symbol	Current Value (\$)	% of Port	Sector
BANK DEPOSIT PROGRAM	BDPS	564,391.25	2.65	UNCLASSIFIED
MOTOROLA INC	MOT	444,728.81	2.08	Information Technology
CA INCORPORATED	CA	415,092.48	1.95	Information Technology
MS LIQUID ASSET FUND	ILAF	395,354.06	1.86	UNCLASSIFIED
APACHE CORP	APA	394,266.08	1.85	Energy
SANOI AVENTIS ADS	SINY	391,053.25	1.84	Health Care
BARRICK GOLD CORP	ABX	378,487.04	1.78	Materials
VIACOM INC NEW CLASS B	VVAB	372,974.14	1.75	Other
AMGEN INC	AMGN	371,498.51	1.74	Health Care
ANGLOGOLD ASHANTI LIMITED	AU	322,154.08	1.51	Materials

Gain & Loss Summary as of 9/30/10

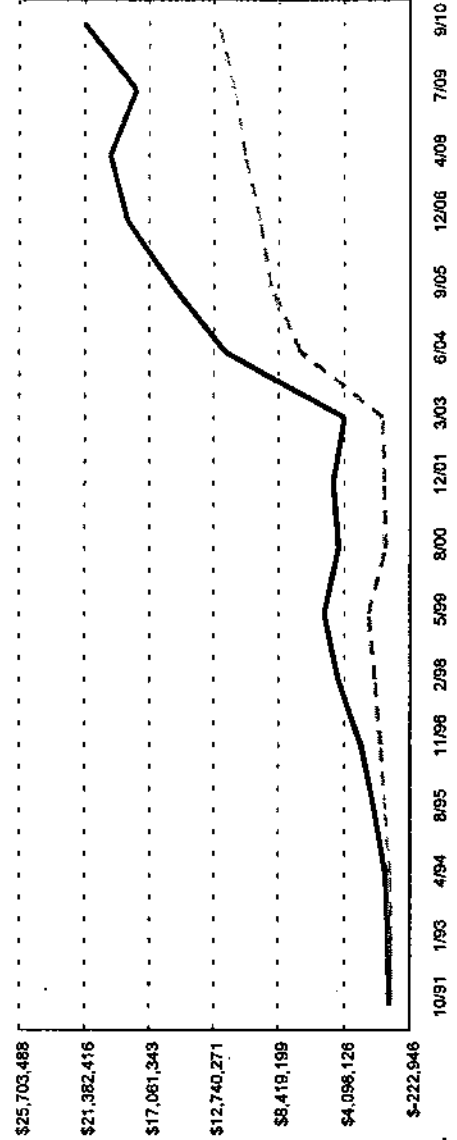
Category	Unrealized	Realized	Total Cost (\$)	Market Value (\$)
Short-term Gains & Losses		1,271,478.47		1,289,039.35
Long-term Gains & Losses		2,796,593.76		3,000,715.39
Total		4,068,072.23		4,289,754.74

Unrealized Gain and Loss excludes tax lots with a market value of \$0 and the Market Value column excludes Money Market and Cash positions.
*Total Cost and Market Value only include tax lots for which there is cost basis information.

Allocation as of September 30, 2010



Net Invested Capital



Net Invested Capital represents the inception value of the account, net of additional capital contributions and withdrawals, graphed against the account market value over time.

Accounts Included in this Report

Name	Account Number	Program/ Account Type	Investment Style	Manager	Advisory or Brokerage	Start Date	End Date
FRESNO COUNTY ECONOMIC	103 013741	ACCESS / AAA	LARGE-CAP CORE	MADISON INVESTMENT ADVISORS, INC.	ADVISORY	03/11/2005	
FRESNO COUNTY ECONOMIC OPPORTUNITIE	103 034754	ACCESS / AAA	INTERNATIONAL VALUE	LAZARD ASSET MANAGEMENT, LLC	ADVISORY	02/20/2007	
FRESNO COUNTY ECONOMIC OPPORTUNITES	103 117187	NON MANAGED / AAA			BROKERAGE	04/01/2003	
FRESNO COUNTY E.O.C.	103 318109	ACCESS / BSA	LARGE-CAP VALUE	NWQ INVESTMENT MANAGEMENT CO., LLC	ADVISORY	10/09/1991	

Please note that the accounts included above may not represent your entire relationship with Morgan Stanley Smith Barney

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Information is approximate: The information in this report is approximate and subject to updating, correction and other changes. We are not obligated to notify you if statement may differ from the prices shown in this report due to, among other things, different reporting methods, delays, market conditions and interruptions. Also, the figures in this report do not include all relevant costs (e.g., fees, commissions and taxes).

We obtain pricing and other information from various standard quotation services and other sources which we believe to be reliable, but we do not warrant or guarantee the accuracy or completeness of this information. The price that you would actually receive in the market for any investment may be higher or lower than the price shown in this report. The prices of securities and other investments not actively traded may be estimated or may not be available. For example:

- Bonds trading less frequently: We rely on outside pricing services or a computerized trading model, which cannot always give us actual market values.
- Annuities: Data in this report may have been provided by third party insurance carriers. (Not all insurance carriers provide data on annuities for performance calculations. The list of providers that provide data is available on request. Performance calculations are based on annuity values as of December 31, 2006 or later, depending on carrier participation.) This report might not reflect a transaction that posted at the insurance company before this reporting period. Depending on the carrier, annuities transactions may be net of certain fees or expenses.
- Alternative investments: The assets in these investments (and in corresponding benchmark indices) are difficult to value, values may be several weeks or more old, and the index values reflect pricing from multiple sources. Index values may be more up-to-date than the data for the alternative investments shown in this report. This report shows the latest generally available alternative investment and index data as of the date of this report.
- Non-traded Real Estate Investment Trusts (REITs) and certain other investments: These are illiquid and have no public markets.

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Benchmarks, charts and graphs: Benchmark indices are provided for general reference purposes only. Indices are unmanaged and do not reflect payment of any expenses, fees or sales charges an investor would pay to purchase the securities it represents. Such costs would lower performance. You cannot invest directly in an index. An index's past performance is not a guarantee of future results. Index values for certain types of investments (e.g. alternative investments) are approximate and subject to updating, correction and other changes. Charts and graphs are for illustrative purposes only and are not intended to represent the performance of any Morgan Stanley Smith Barney offering.

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Other: This report does not contain information on DVP or margin rollup accounts carried by Morgan Stanley Smith Barney. Also, all accounts with a mid-month daily fair market value at the total or asset class level below \$500 will have performance defaulted to 0% until month end. Please reference this account again when the account or asset class is above \$500 or at month end.

Morgan Stanley Smith Barney LLC. Member SIPC. Positions that are not custodied at Morgan Stanley Smith Barney LLC may not be covered by SIPC.

Accrued Income

The dividends and interest earned but not yet received at both the beginning and end of each reporting period.

Advisory Account

An investment advisory relationship is designed for clients who prefer that their Financial Advisor act as an investment consultant, with their assets invested in a mutual fund asset allocation program or in a managed account that is directed by a professional money manager either at Morgan Stanley Smith Barney or at an external money management firm. There are important differences in your relationship with your Financial Advisor and Morgan Stanley Smith Barney in brokerage accounts and in advisory accounts. Additional information about these differences is available at <http://www.morganstanley.com/ourcommitment>

Annualized Standard Deviation

A measure of volatility, it quantifies how much a series of numbers, such as portfolio returns, deviates around its average. Since it measures the portfolio's investment volatility, the account's gross rate of return is used.

Brokerage Account

In a brokerage relationship, your Financial Advisor will work with you to facilitate the execution of securities transactions on your behalf. Your Financial Advisor also provides investor education and professional, personalized information about financial products and services in connection with these brokerage services. You can choose how you want to pay for these services and you will receive the same services regardless of which pricing option you choose. There are important differences in your relationship with your Financial Advisor and Morgan Stanley Smith Barney in brokerage accounts and in advisory accounts. Additional information about these differences is available at <http://www.morganstanley.com/ourcommitment>

Comparative Indices

A complete description of the comparative indices included in this Performance Report is available upon request.

Dollar-Weighted Return

Rate of return calculation methodology that reflects both the timing and magnitude of external contributions and withdrawals and measures the portfolio's performance. The return for each month is calculated as the average return on all dollars invested.

Gross Return

The return of the portfolio before the deduction of fees/commissions and other expenses.

Net Contributions/Withdrawals

The total value of capital contributed to or withdrawn from the account during the reporting period. The dollar amount represented by contribution or withdrawal transactions is excluded from the calculation of Portfolio Appreciation.

Net Invested Capital

The sum of the Total Beginning Value and the net of additional capital Contributions and Withdrawals for each reporting period.

Net Portfolio Appreciation

The total dollar gain/loss of the portfolio for each reporting period. The Net Portfolio Appreciation includes the impact of income received and is calculated as the difference between Net Invested Capital and Total Ending Value.

Net Return

The return of the portfolio for the period reduced by the amount of fees/commissions paid. The net of fees return is calculated gross of certain custody fees.

Time-Weighted Return

Rate of return calculation methodology that eliminates the impact of external contributions and withdrawals to the portfolio value and measures the manager's performance. Portfolio returns are calculated at least monthly and individual monthly returns are geometrically linked to calculate total cumulative return.

Total Beginning Value

The total market value of the portfolio, valued on a trade date basis, at the beginning of each reporting period. The Total Beginning Value includes Accrued Income.

Total Ending Value

The total market value of the portfolio, valued on a trade date basis, at the end of each reporting period. The Total Ending Value includes Accrued Income.

Weighted Average

The average in which each yield to be averaged is assigned a weight. These weightings determine the relative importance or frequency of each yield on the average.

INVESTMENT PERFORMANCE REPORT

103-095
FRESNO COUNTY ECONOMIC OPPORTUNITIE
COMMISSION PENSION PLAN DTD 1-1-80
ACCESS/NWQ INVEST
1920 MARIPOSA MALL
FRESNO CA 93721-2504

103-118109-095 / ACCESS
INVESTMENT MANAGER : NWQ INVESTMENT MANAGEMENT CO., LLC
PORTFOLIO TYPE : LARGE-CAP VALUE
INVESTMENT OBJECTIVE : COMPARE TO STANDARD INDICES
SEPTEMBER 30, 2010

YOUR FINANCIAL ADVISOR :

MICHAEL/PETERSEN
9 RIVER PARK PL EAST SUITE 400
FRESNO CA 93720
(559) 433-1330

The value of securities for billing purposes includes accrued interest/dividends as of the billing date.

Market Commentary

CONSULTING GROUP -- Capital Markets Overview -- Third Quarter 2010

Introduction

- The Great Recession ended in June 2009, according to a National Bureau of Economic Research announcement on September 20. While noting that economic activity sometimes remains sluggish well into an expansion, the Bureau also announced that the U.S. economy is in fact recovering.
- In the third quarter, markets responded to a continuing, if sometimes uneven, global economic expansion led by developing economies.
- In developing economies, demand for exports drove growth.
- Many analysts expect this growth to spur demand for imports of production equipment and technology from developed economies.
- In the U.S., corporate profits remained strong, and many companies were able to borrow at very low rates, while maintaining high cash reserves. Mergers and acquisitions activity also increased.
- As concerns about a double-dip recession subsided, U.S. and global equity prices climbed sharply in the third quarter to enter positive territory for the year.
- The Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite index ended the quarter with one of the strongest Septembers on record.
- Equity markets abroad gained as well. Both the MSCI Emerging Markets index and the MSCI EAFE index (a benchmark for developed markets) were up more than 16% in U.S. dollars for the quarter and are now in positive territory for the year.
- Despite low yields, investors bid up the prices of both investment-grade and high-yield corporate bonds, as well as U.S. Treasuries, whose yields fell to their lowest point since January 2009 as demand and prices rose during the quarter.

The U.S. Economy

In its September 30 update, the Department of Commerce estimated that Gross Domestic Product grew at an annual rate of 1.7% in the second quarter of 2010 in comparison with 3.7% in the first quarter of 2010. Morgan Stanley & Co. Incorporated ("Morgan Stanley") economists forecast that U.S. GDP will increase 2.7% in 2010.

Market Commentary

Although the number of private sector employees grew during the quarter, temporary Census and other government workers continued to be laid off. The number of nonfarm employees declined slightly between June and the end of September, by 0.6%. The seasonally adjusted unemployment rate remained at 9.5% to 9.6% for the quarter.

According to the most recent estimate from the Commerce Department, corporate profits rose 3.0% between the first and second quarters of 2010 and 37% between the second quarter of 2009 and the second quarter of 2010.

Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index rose 0.3% in both July and August. Morgan Stanley economists expect an inflation rate of 1.7% for the year. In part because the Federal Reserve judged inflation too low to accommodate "maximum employment and price stability," it announced on September 21 that it would maintain the federal-funds rate at 0-0.25% and "provide additional accommodation if needed to support the economic recovery."

During the third quarter, the Census Bureau reported that single-family housing starts in the second quarter of 2010 rose 24.6% over the previous quarter. Month-over-month in the third quarter, all privately owned housing starts rose 0.4% in July but 10.5% in August. Compared with the same month of 2009, there were 7.8% fewer housing starts in July 2010 and 2.2% more in August.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.3% between June and July, 0.4% between July and August, and 3.6% between August 2009 and August 2010.

In September the Institute for Supply Management's manufacturing-sector index ("PMI") was 54.4, down 1.8 from June, but above 50 for the fourteenth consecutive month and above 42 for the seventeenth consecutive month. The ISM Nonmanufacturing Index ("NMI") rose 1.7 points between August and September. The index has now been above 50 for nine consecutive months.

Generally speaking, a PMI or NMI over 50 indicates that the sector is expanding, and a PMI over 42 indicates that the overall economy is expanding.

U.S. Equity Markets

The third quarter saw an upturn in all major stock indices. Both the Dow Jones Industrial Average and the Standard & Poor's 500 index were up 11%.

Market Commentary

Stock market volatility decreased markedly after a jittery second quarter. The VIX volatility index averaged 24.3 during the third quarter. It reached its high of 37.6 on the first day of trading. The average closing VIX reading declined in every month of the quarter, from 25.6 in July to 24.7 in August and 22.5 in September. In contrast, the VIX reached a high of 48.2 in the second quarter, on the way to an average of 26.4.

During the third quarter, all sectors of the S&P 500 index shared the gains of the overall equity markets. The largest advances were for Telecommunication Services (21.0%) and Materials (17.8%). Consumer Discretionary (15.2%), Industrials (14.3%), Energy (13.0%), Information Technology (11.8%), and Utilities (12.4%) also rose sharply. Reported returns were strong for Consumer Staples (up 10.6%) and Health Care (up 8.9%). Financials were the laggards, up 4.3%.

The stocks of small- and mid-cap companies outperformed those of larger companies in the third quarter. The Russell 1000 index, a large-cap index, rose 11.6% for the quarter and 10.8% for the 12-month period ending September 30. In comparison, the Russell Midcap index rose 13.3% for the quarter and 17.6% for the 12-month period, and the Russell 2000 index, a small-cap index, also rose 11.3% for the quarter but climbed 13.3% for the 12-month period.

Growth stocks outperformed value stocks for large, medium, and small companies. Returns for the large-cap Russell 1000 Value index were 10.1% for the quarter and 8.9% in the 12-month period while the Russell 1000 Growth index rose 13.0% for the quarter and 12.7% for the 12-month period. Similarly, the Russell Midcap Value index rose 12.1% for the quarter and 16.9% for the 12-month period while the Russell Midcap Growth index was up even more—14.6% for the quarter and 18.3% for the 12-month period. In small caps, the Russell 2000 Value index rose 9.7% for the quarter and 11.8% for the 12-month period while the Russell 2000 Growth index rose 12.8% for the quarter and 14.8% for the 12-month period.

Global Equity Markets

Overseas equity markets also rose markedly in both developed and emerging economies. For the third quarter, the Morgan Stanley Capital International Europe Australasia Far East index ("MSCI EAFE"), a benchmark for developed markets, rose 16.5% for U.S. dollar-based investors and 7.2% for local-currency investors as the dollar declined in relation to many other currencies. For the 12-month period ending September 30, the MSCI EAFE was up 3.7% in terms of the U.S. dollar and 3.0% in terms of local currencies.

Similarly, the MSCI Europe index of developed markets rose 19.4% for U.S.-currency investors and 9.1% for local-currency investors during the quarter and 3.23% in terms of the dollar and 6.42% in terms of local currencies for the 12-month period. The MSCI Far East index also rose for the quarter: 8.0% in terms of the dollar and 2.5% in local currencies. For the 12-month period, the MSCI Far East index was up 3.5% for U.S.-currency investors but down 2.8% for local-currency investors.

Market Commentary

Equity markets in overseas emerging economies performed even better. For the quarter, the MSCI Emerging Markets index ("EM") rose 18.2% for U.S.-dollar investors and 12.9% in terms of local currencies. For the 12-month period ending September 30, the EM rose 20.54% in terms of the U.S. dollar and 15.96% in terms of local currencies.

More-specific indices also reflected the overall upturn in emerging-economy equity markets. The MSCI BRIC (Brazil, Russia, India, and China) index rose 15.3% for the quarter and 16.9% for the 12-month period in terms of the dollar. It rose 12.0% for the quarter and 13.9% for the 12-month period in local terms. For the quarter, the MSCI EM Asia index rose 16.0% in U.S.-dollar and 12.3% in local terms. For the year, the same index rose 19.1% in U.S.-dollar and 15.2% in local terms.

The U.S. Bond Market

The quarter saw especially strong demand for bonds as investors sought safe havens, apparently wary about the equity markets, the overall economy, and the consequences of new regulations and midterm elections. Despite low yields, investors bid up the prices of both investment-grade and high-yield corporate bonds, as well as U.S. Treasuries.

The Treasury Department sold two- five- and seven-year notes at record low yields as demand and prices rose during the quarter. Indications that the Federal Reserve might resume a policy of "quantitative easing," in which it purchases U.S. government debt, encouraged both private investors and overseas central banks to invest in Treasuries. Ten-year Treasury yields began the quarter at 2.96%, reached a low of 2.47%, and ended at 2.53%.

The Barclays Capital U.S. Aggregate index, a general measure of the fixed-income market, rose 2.5% for the third quarter and 8.2% for the 12 months ending September 30. A measure of lower-rated corporate bonds, the Barclays Capital High Yield index, rose 6.7% for the quarter and 18.4% for the same 12-month period. Although investors were more wary of mortgage-backed securities, even the Barclays Capital Mortgage Backed index was up 0.6% for the quarter and 5.7% for the 12-month period.

Investors searching for tax-exempt securities drove the Barclays Capital Muni index up to 3.4% for the quarter and 5.8% for the 12-month period ending September 30.

Market Commentary

INDEX DESCRIPTIONS: DOW JONES INDUSTRIAL AVERAGE: The most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials. The 30 stocks are chosen by the editors of The Wall Street Journal (published by Dow Jones & Company), a practice that dates back to the beginning of the century. The Dow is computed using a price-weighted indexing system, rather than the more common market-cap-weighted indexing system. Simply put, the editors at WSJ add up the prices of all the stocks and then divide by the number of stocks in the index. (In actuality, the divisor is much higher today in order to account for stock splits that have occurred in the past.) **NASDAQ COMPOSITE index:** Covers 4,500 stocks traded over the counter. It represents many small company stocks but is heavily influenced by about 100 of the largest NASDAQ stocks. It is a value-weighted index calculated on price change only and does not include income. **S&P 500 index:** Covers 400 industrial, 40 utility, 20 transportation, and 40 financial companies in the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market cap and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested.

RUSSELL 1000 index: Measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. **RUSSELL 1000 GROWTH index:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 1000 VALUE index:** Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 2000 index:** Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 index is a subset of the Russell 3000 index and represents approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. **RUSSELL 2000 GROWTH index:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 2000 VALUE index:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL MIDCAP index:** Measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap index is a subset of the Russell 1000 index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap index represents approximately 31% of the total market capitalization of the Russell 1000. **RUSSELL MIDCAP GROWTH index:** Measures the performance of those Russell mid-cap companies with higher price-to-book ratios and higher forecasted growth rates. **RUSSELL MIDCAP VALUE index:** Measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

N.B. All Lehman Brothers bond indices were converted to and renamed Barclays Capital indices on 11/3/08.

Market Commentary

BARCLAYS CAPITAL MORTGAGE BACKED index: Covers all fixed securities issued and backed by mortgage pools of GNLMAs, FHLMCs, FNLMAs, graduated payment mortgages ("GPMs"), but not graduated equity mortgages ("GEMs"). The minimum principal amount required is \$50 million. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. The index is rebalanced monthly by market capitalization. **BARCLAYS CAPITAL HIGH YIELD** index: Covers the universe of fixed rate, non-investment-grade debt. Pay-in-kind ("PIK") bonds, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Mexico, Venezuela, etc.) are excluded, but Yankee and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes and step-up coupon structures are also included. All bonds included in the High Yield index must be dollar-denominated and nonconvertible and have at least one year remaining to maturity and an outstanding par value of at least \$150 million. Securities in the index must be rated Ba1 or lower. If both Moody's and S&P provide a rating for a security, the lower of the two ratings is used. A small number of unrated bonds is included in the index; to be eligible they must have previously held a high-yield rating or have been associated with a high-yield issuer and must trade accordingly. **BARCLAYS CAPITAL MUNI** index: The composite measure of the total return performance of the muni bond market. The muni market contains over two million different bond issues. The market is divided into seven major sectors: state G.O. debt (31%); prerefunded bonds (7.7%); electric utility revenue bonds (7.7%); hospital revenue bonds (3.4%); state housing revenue bonds (3.4%); prefunded bonds (3.4%); industrial development and pollution control revenue bonds (1.8%) and transportation revenue bonds (7.1%). These weightings are reviewed annually. **THE BARCLAYS CAPITAL U.S. AGGREGATE BOND** index: A broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passsthroughs), ABS, and CMBS.

MSCI EUROPE, AUSTRALASIA AND THE FAR EAST (EAFE) index: A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI EUROPE** index: A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in Europe. As of June 2007, the index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits. **MSCI FAR EAST** index: A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in the Far East. As of March 2010, the index consists of the following three developed country indices: Japan, Hong Kong, and Singapore.

Market Commentary

MSCI EMERGING MARKETS index: A free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of May 27, 2010, the index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. **MSCI BRIC index:** A free-float-adjusted market capitalization index that measures equity market performance in larger emerging markets. The index consists of the following emerging-market country indices: Brazil, Russia, India, and China. **MSCI EM Asia index:** A free-float-adjusted market capitalization index that measures equity market performance in emerging markets in Asia. The index consists of the following emerging-market country indices: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

VIX index: (Chicago Board Options Exchange Volatility index) Estimates volatility in the S&P 500 index for the next 30 days using a weighted blend of prices for various options on the S&P.

Indices are not available for direct investment. Index returns consist of income and capital appreciation (or depreciation) and do not take into account fees, taxes or other charges. Such fees and charges would reduce performance.

Although the statements of fact and data in this report have been obtained from, and are based upon, sources the firm believes reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Past performance is not a guarantee of future results. This report may contain forward-looking statements, and there can be no guarantee that they will come to pass.

Market Commentary

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. These risks may be magnified in emerging markets. International investing may not be for everyone. Small- and mid-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer. With respect to fixed income securities, please note that, in general, as prevailing interest rates rise, fixed income securities prices will fall. High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. (c) 2010 Morgan Stanley Smith Barney LLC. Member SIPC. Consulting Group is a business of Morgan Stanley Smith Barney LLC.

NWQ INVESTMENT MANAGEMENT CO., LLC Investment Advisor Research Highlights

Profile

NWQ's Large Cap Value portfolio uses a bottom-up, opportunistic value-oriented process that emphasizes long-term capital appreciation and seeks consistent, enhanced risk-adjusted returns during a variety of market environments. NWQ invests in potentially undervalued companies across the large capitalization spectrum where they believe catalysts exist to unlock value or improve profitability. Such catalysts may include new management, renewed management focus, industry consolidation, or company restructuring.

Summary of Opinion

- Investment Advisor Research ("IAR") considers NWQ's investment process to be strong as it employs a bottom-up, opportunistic and eclectic approach to finding investment ideas. The strategy has added value over the long-term.
- IAR has a favorable opinion of the analysts performing research as they are all very involved with the portfolio management team and participate in the daily investment committee meetings. Most analysts, prior to joining NWQ, have also been portfolio managers and/or have had experience working in the industry or sector that they cover.
- Given this product's eclectic approach to stock selection and ultimately portfolio construction, performance expectations may be hard to gauge relative to a benchmark as the product may use non-traditional valuation measures that could lead the portfolio to include holdings that may not necessarily look like traditional value stocks.

Points to Consider

- The Large Cap Value portfolio typically holds 35 to 50 stocks with moderate turnover of approximately 20% to 40% annually.
- This portfolio may include more mid-cap stocks than other large-cap value products that IAR covers.

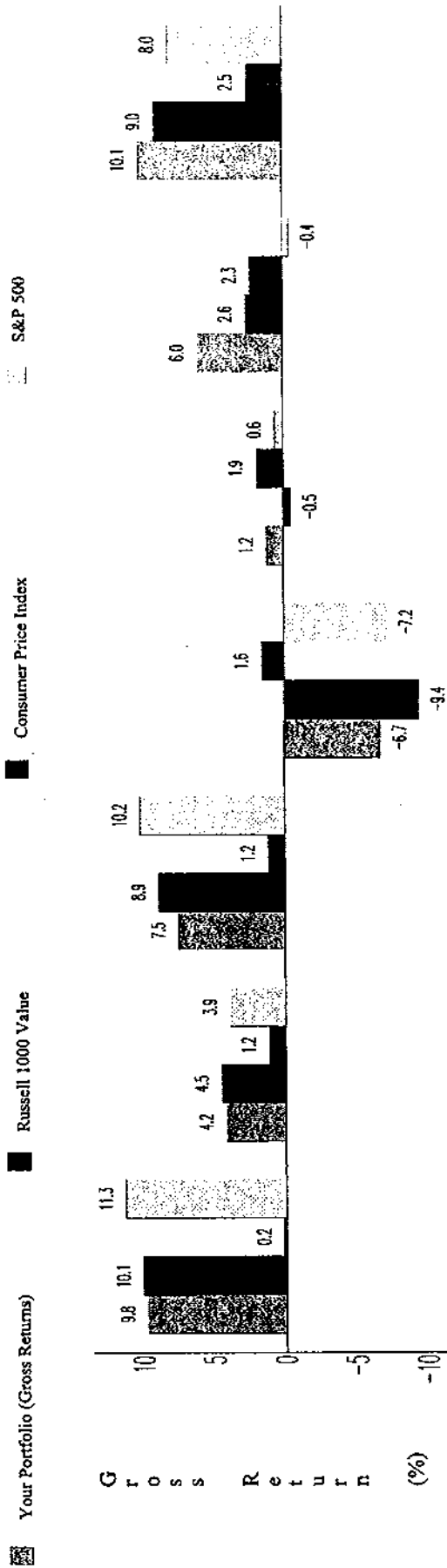
Portfolio Performance Review

	Current Quarter 06/30/10-09/30/10	Year-To-Date 12/31/09-09/30/10	One Year 09/09-09/10	Three Years 09/07-09/10	Five Years 09/05-09/10	Ten Years 09/00-09/10	Since Inception 10/09/91-09/30/10
Portfolio Beginning Value	\$ 8,040,133	\$ 8,518,879	\$ 8,283,512	\$ 10,757,607	\$ 8,830,074	\$ 4,473,492	\$ 1,100,000
Accrued Income	11,487	10,008	7,534	13,668	9,993	5,566	0
Total Beginning Value	\$ 8,051,620	\$ 8,528,887	\$ 8,291,046	\$ 10,771,275	\$ 8,840,067	\$ 4,479,058	\$ 1,100,000
Net Contributions/Withdrawals	0	0	0	300,000	(200,000)	1,050,000	1,344,364
Net Invested Capital	\$ 8,051,620	\$ 8,528,887	\$ 8,291,046	\$ 11,071,275	\$ 8,640,067	\$ 5,529,058	\$ 2,444,364
Portfolio Appreciation	768,387	291,120	528,961	(2,251,268)	179,940	3,290,949	6,375,643
Portfolio Ending Value	\$ 8,811,762	\$ 8,811,762	\$ 8,811,762	\$ 8,811,762	\$ 8,811,762	\$ 8,811,762	\$ 8,811,762
Accrued Income	8,245	8,245	8,245	8,245	8,245	8,245	8,245
Total Ending Value	\$ 8,820,007	\$ 8,820,007	\$ 8,820,007	\$ 8,820,007	\$ 8,820,007	\$ 8,820,007	\$ 8,820,007
Total Net Return (Cumulative %)	9.6	3.4	6.4	(21.3)	0.6	60.7	400.3
Total Net Return (Annualized %)			(7.7)		0.1	4.9	8.8

Note: Portfolio Appreciation is reduced by the account fee paid directly from your account for services.

Comparative Rates of Return

Your Portfolio's Performance (Gross Return) Compared to Benchmark Returns (Time-Weighted)



Category	Current Quarter (06/30/10-09/30/10)	Year to Date (12/31/09-09/30/10)	One Year (09/09-09/10)	Three Years (09/07-09/10)	Five Years (09/05-09/10)	Ten Years (09/00-09/10)	Since (10/31/91*)
Your Portfolio (Gross Returns)	9.8	4.2	7.5	-6.7	1.2	6.0	10.1
Russell 1000 Value	10.1	4.5	8.9	-9.4	-0.5	2.6	9.0
Consumer Price Index	0.2	1.2	1.2	1.6	1.9	2.3	2.5
S&P 500	11.3	3.9	10.2	-7.2	0.6	-0.4	8.0
BC Govt Credit Intermediate	2.8	7.4	7.8	6.9	5.9	6.0	6.3
Citigroup 3 Month T-Bill	0.0	0.1	0.1	1.0	2.5	2.4	3.5
Russell 1000 Growth	13.0	4.4	12.7	-4.4	2.1	-3.4	6.8

* Comparative performance starts at the first month-end after inception. Returns for time periods greater than one year are annualized. All index returns include reinvestment of income.

FRESNO COUNTY E.O.C.
103-118109-095 / Access

Investment Manager: Nwq Investment Management Co., LLC
Portfolio Type: Large-Cap Value
September 30, 2010

Portfolio Overview

Account Value

Holding Summary	Market Value (\$)	Percent (%)
Cash & Equivalents	451,714.85	5.1
Bonds	.00	.0
Stocks	8,360,046.93	94.9
Total Account Value	8,811,761.78	100.0

GICS Equity Sector Allocation

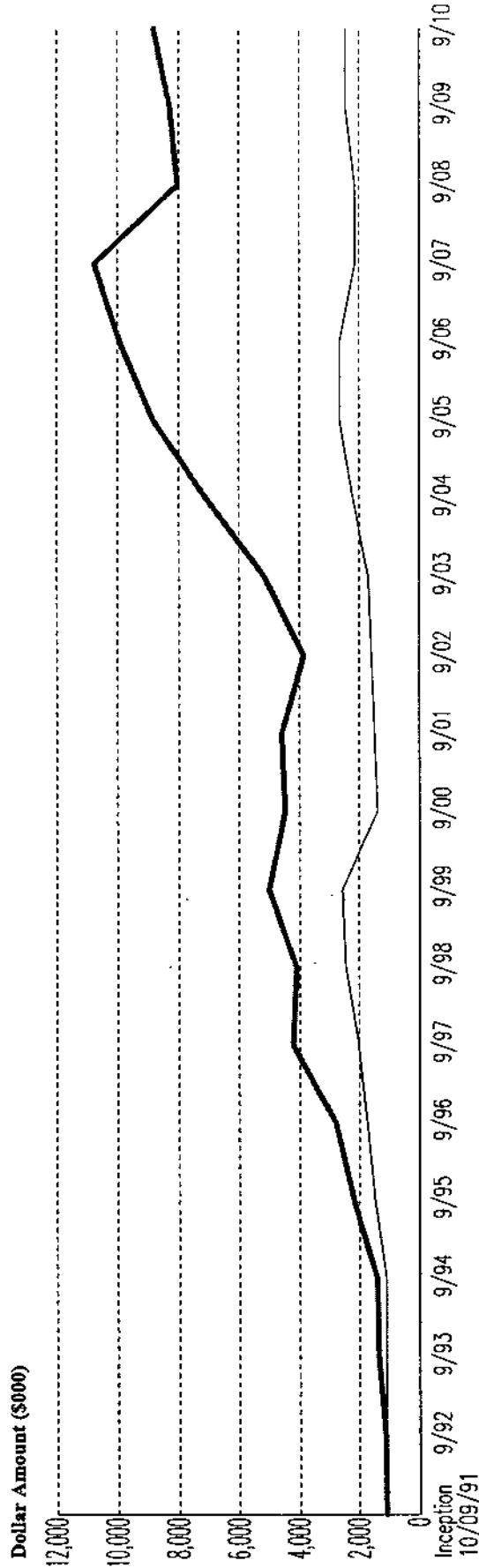
Sectors	Market Value (\$)	Percent (%)
Consumer Discretionary	90,639.90	1.0
Consumer Staples	517,702.26	5.9
Energy	1,341,226.08	15.2
Financials	2,021,476.02	22.9
Health Care	1,314,519.36	14.8
Industrials	837,921.68	9.5
Information Technology	983,838.45	11.1
Materials	784,060.32	8.9
Utilities	95,688.72	1.1
Other	372,974.14	4.2

Top Ten Holdings

Shares	Security	Market Value (\$)	Percent of Portfolio (%)	Sector
52,137	MOTOROLA INC	444,728.61	5.0	Information Technology
19,654	CA INCORPORATED	415,092.48	4.7	Information Technology
8,176	BARRICK GOLD CORP	378,467.04	4.3	Materials
10,306	VIACOM INC NEW CLASS B	372,974.14	4.2	Other
6,741	AMGEN INC	371,496.51	4.2	Health Care
3,378	APACHE CORP	330,233.28	3.7	Energy
6,967	ANGLOGOLD ASHANTI LIMITED	322,154.08	3.7	Materials
7,570	LOEWS CORPORATION	286,903.00	3.3	Financials
16,663	PFIZER INC	286,103.71	3.2	Health Care
6,897	METLIFE INCORPORATED	265,189.65	3.0	Financials

Net Invested Capital

Your Account Value vs. Net Invested Capital (\$000)



Total Beginning Value	\$1,100,000
Net Contribution/Withdrawals	1,344,364
— Net Invested Capital	2,444,364
— Total Ending Value	\$8,820,007

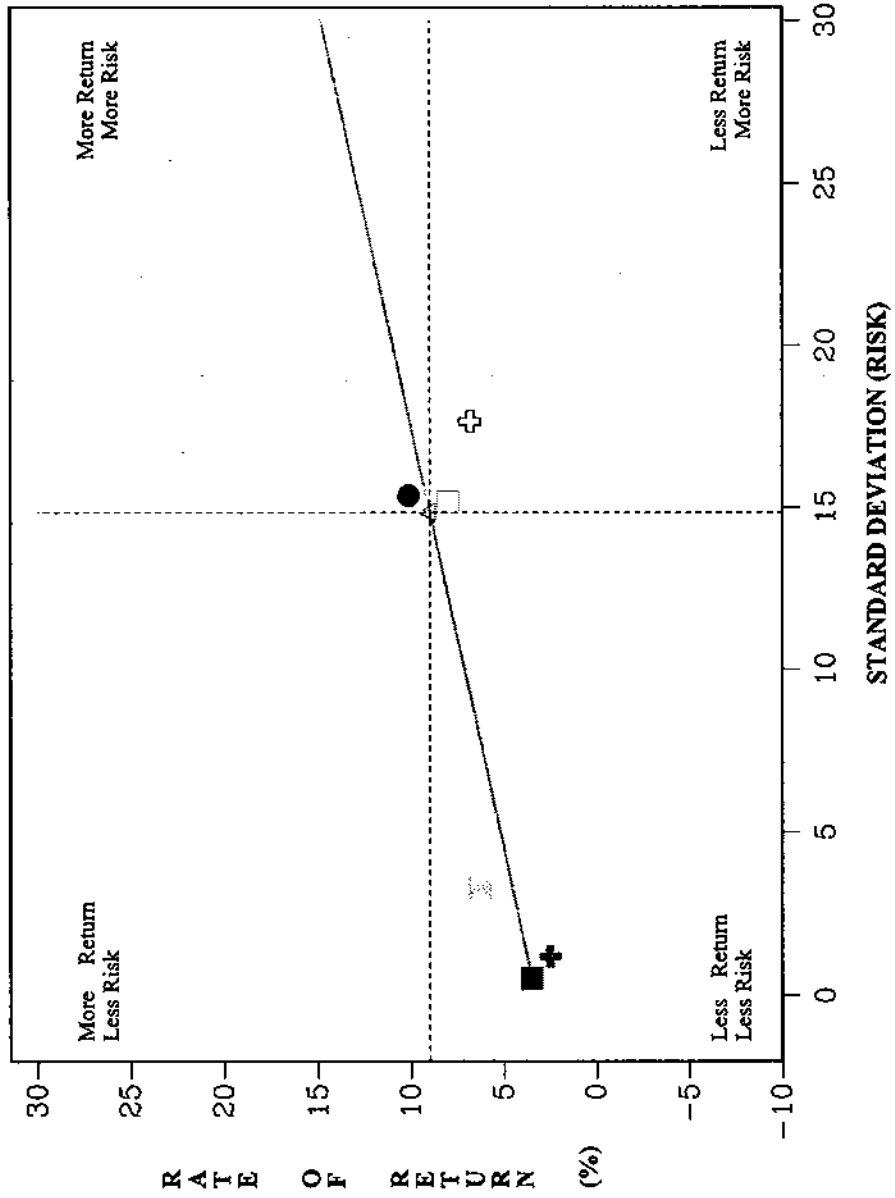
This graph illustrates the relationship between your Net Invested Capital (the inception value of your portfolio plus or minus capital contributions and withdrawals) and the market value of your portfolio at specific points in time. The graph depicts to what degree your money manager's investment decisions, market forces, fees and other relevant factors have increased or decreased the value of your portfolio.

Dollar Values and Quarterly Returns

<u>PERIOD ENDING</u>	<u>DOLLAR VALUES (\$000'S)</u>				<u>GROSS RETURNS (%)</u>				
	<u>YOUR PORTFOLIO</u>	<u>RUS1000VL</u>	<u>CPI</u>	<u>YOUR PORTFOLIO</u>	<u>RUS1000VL</u>	<u>CPI</u>	<u>YOUR PORTFOLIO</u>	<u>RUS1000VL</u>	<u>CPI</u>
10/31/91*	1,148.2	1,148.2	1,148.2	N/A	N/A	N/A	N/A	N/A	N/A
3/06	9,399.4	8,648.0	2,629.4	4.3	5.9	1.5	4.3	5.9	1.5
6/06	9,518.1	8,674.8	2,645.6	1.5	0.6	1.6	1.5	0.6	1.6
9/06	9,942.8	9,188.2	2,621.0	4.7	6.2	0.0	4.7	6.2	0.0
12/06	10,582.1	9,896.0	2,581.3	6.7	8.0	(0.5)	6.7	8.0	(0.5)
3/07	10,253.0	9,488.4	2,094.1	1.9	1.2	1.8	1.9	1.2	1.8
6/07	10,881.4	9,928.6	2,098.2	6.4	4.9	1.5	6.4	4.9	1.5
9/07	10,771.3	9,874.6	2,071.9	(0.8)	(0.2)	0.1	(0.8)	(0.2)	0.1
12/07	10,396.6	9,276.4	2,059.8	(3.2)	(5.8)	0.7	(3.2)	(5.8)	0.7
3/08	9,373.5	8,442.2	2,067.6	(9.6)	(8.7)	1.7	(9.6)	(8.7)	1.7
6/08	9,285.5	7,972.4	2,094.4	(0.7)	(5.3)	2.5	(0.7)	(5.3)	2.5
9/08	8,037.5	7,462.2	2,078.6	(13.2)	(6.1)	0.0	(13.2)	(6.1)	0.0
12/08	6,561.6	5,785.9	1,968.2	(18.1)	(22.2)	(4.3)	(18.1)	(22.2)	(4.3)
3/09	5,834.0	4,798.8	1,978.6	(10.8)	(16.8)	1.4	(10.8)	(16.8)	1.4
6/09	6,878.0	5,683.9	2,090.9	16.5	16.7	1.4	16.5	16.7	1.4
9/09	8,291.0	6,905.2	2,275.2	17.9	18.2	0.1	17.9	18.2	0.1
12/09	8,528.9	7,172.5	2,253.3	3.1	4.2	0.0	3.1	4.2	0.0
3/10	9,008.4	7,634.6	2,248.8	5.9	6.8	0.8	5.9	6.8	0.8
6/10	8,051.6	6,763.7	2,229.0	(10.4)	(11.1)	0.2	(10.4)	(11.1)	0.2
9/10	8,820.0	7,427.5	2,212.9	9.8	10.1	0.2	9.8	10.1	0.2

* First month end following the inception of your account

Comparative Risk Return
October 31, 1991* through September 30, 2010



* First month-end following the inception of your account.
Note: All returns are annualized.

STANDARD DEVIATION (RISK)

This report is not an official statement and has been prepared for general informational purposes only. The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. This report is not intended to be a substitute for the official account statements you receive on a regular basis from Morgan Stanley Smith Barney. All information, calculations, estimates and opinions included in this report constitute our best judgment as of the report date (unless otherwise noted) and may be subject to change. Please see your official account statement for official information. Past performance is not a guarantee of future results. Morgan Stanley Smith Barney LLC, Member SIPC.

If this report includes alternative investments and corresponding benchmark indices, the assets in these investments and indices are difficult to value, values may be several weeks old, and the index values reflect pricing from multiple sources. Therefore, these values as of certain dates are subject to change. For example, the HFRJ Fund of Funds Composite Index (HFRJ Fund of Funds Comp) is updated three times a month and the current month's and prior three months' values are subject to change. The HFRJ Fund of Funds Comp index values are likely to be more up-to-date than the data for the alternative investments shown in this report. This report shows the latest generally available alternative investment and index data as of the date of this report and Morgan Stanley Smith Barney is not obligated to notify you if this data changes.

If your account was inception prior to 1/1/2001 and contains the MSCI All Country World Ex-US index, please note that gross returns are being used from 1/1/1988 to 12/31/2000 and the net returns begin as of 1/1/2001. Net returns for this index were not calculated prior to 1/1/2001.

Please notify your Financial Advisor if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your Investment Advisory accounts, or to reasonably modify existing restrictions.

For a copy of the applicable SEC Form ADV Disclosure Document for Morgan Stanley Smith Barney LLC, or for any Investment Adviser with whom we contract to manage your investment advisory account, please contact your Financial Advisor. These Disclosure Documents contain important information about advisory programs.

Glossary of Terms

Portfolio Beginning Value

The total market value of the portfolio on a trade date basis excluding "Accrued Income" at the beginning of the reporting period.

Accrued Income

The dividends and interest earned but not received at both the beginning and end of each reporting period.

Total Beginning Value

The "Portfolio Beginning Value" including "Accrued Income" at the start of each measurement period.

Net Contributions/Withdrawals

The total dollar amount that was contributed or withdrawn from the account during the reporting period. A negative dollar amount indicates that the total withdrawals exceeded the total contributions for the reporting period.

Net Invested Capital

The "Total Beginning Value" of the portfolio at the start of each reporting period adjusted for "Net Contributions/Withdrawals" occurring through the end of the reporting period.

Portfolio Appreciation

The total dollar gain/loss of the portfolio for each reporting period. It is calculated as the difference between "Net Invested Capital" and "Total Ending Value."

Portfolio Ending Value

The total market value of the portfolio on a trade date basis excluding accrued income at the end of the reporting period.

Total Ending Value

The "Portfolio Ending Value" including "Accrued Income" at the end of the reporting period.

Total Net Return

The percentage gain/loss of the portfolio since the beginning of each reporting period. The return is reduced by the account fee paid directly from your account for services. Fees paid outside Morgan Stanley Smith Barney are not recognized and therefore will not impact this return. These returns are expressed cumulatively and annualized.

Your Portfolio's Performance (Gross Returns)

The percentage gain/loss of the portfolio since the first month-end following the Inception Date. The gross return is not reduced by the amount of the fee. Returns in excess of one year are annualized.

Risk (Standard Deviation)

A statistical measure defined as the volatility of returns relative to an average (mean) return. When returns are normally distributed, a return will fall within one standard deviation about two-thirds of the time. For example, if an account or index had a return of 5% and a standard deviation of 13%, there is a 66% (two-thirds) chance that the return would vary plus or minus 13 percentage points from the 5% return (-8% to +18%). Simplified, this means that a higher standard deviation implies greater volatility (i.e., risk) in the portfolio.

For further explanation of terms, please contact your Financial Advisor.

INVESTMENT PERFORMANCE REPORT

103-095
FRESNO COUNTY ECONOMIC
OPPORTUNITIES COMMISSION PENSION PL
DTD 1/1/80
1920 MARIPOSA MALL
FRESNO CA 93721-2504

103-013741-095 / ACCESS
INVESTMENT MANAGER : MADISON INVESTMENT ADVISORS, INC.
PORTFOLIO TYPE : LARGE-CAP CORE
INVESTMENT OBJECTIVE : CAPITAL APPRECIATION
SEPTEMBER 30, 2010

YOUR FINANCIAL ADVISOR :
MICHAEL/PETERSEN
9 RIVER PARK PL EAST SUITE 400
FRESNO CA 93720
(559) 433-1330

The value of securities for billing purposes includes accrued interest/dividends as of the billing date.

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Information contained herein is based on data obtained from sources believed to be reliable; however, we cannot make representation as to its accuracy or completeness. This is not an official statement of your account. Any nonfactual statements constitute only current opinions that are subject to change without notice. Past performance is no guarantee of future results. Morgan Stanley Smith Barney LLC, Member SIPC.

Investment Consulting Services | 2000 Westchester Avenue | Purchase, NY 10577

Market Commentary

CONSULTING GROUP -- Capital Markets Overview -- Third Quarter 2010

Introduction

- The Great Recession ended in June 2009, according to a National Bureau of Economic Research announcement on September 20. While noting that economic activity sometimes remains sluggish well into an expansion, the Bureau also announced that the U.S. economy is in fact recovering.
- In the third quarter, markets responded to a continuing, if sometimes uneven, global economic expansion led by developing economies.
- In developing economies, demand for exports drove growth.
- Many analysts expect this growth to spur demand for imports of production equipment and technology from developed economies.
- In the U.S., corporate profits remained strong, and many companies were able to borrow at very low rates, while maintaining high cash reserves. Mergers and acquisitions activity also increased.
- As concerns about a double-dip recession subsided, U.S. and global equity prices climbed sharply in the third quarter to enter positive territory for the year.
- The Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite index ended the quarter with one of the strongest Septembers on record.
- Equity markets abroad gained as well. Both the MSCI Emerging Markets index and the MSCI EAFE index (a benchmark for developed markets) were up more than 16% in U.S. dollars for the quarter and are now in positive territory for the year.
- Despite low yields, investors bid up the prices of both investment-grade and high-yield corporate bonds, as well as U.S. Treasuries, whose yields fell to their lowest point since January 2009 as demand and prices rose during the quarter.

The U.S. Economy

In its September 30 update, the Department of Commerce estimated that Gross Domestic Product grew at an annual rate of 1.7% in the second quarter of 2010 in comparison with 3.7% in the first quarter of 2010. Morgan Stanley & Co. Incorporated ("Morgan Stanley") economists forecast that U.S. GDP will increase 2.7% in 2010.

Market Commentary

Although the number of private sector employees grew during the quarter, temporary Census and other government workers continued to be laid off. The number of nonfarm employees declined slightly between June and the end of September, by 0.6%. The seasonally adjusted unemployment rate remained at 9.5% to 9.6% for the quarter.

According to the most recent estimate from the Commerce Department, corporate profits rose 3.0% between the first and second quarters of 2010 and 37% between the second quarter of 2009 and the second quarter of 2010.

Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index rose 0.3% in both July and August. Morgan Stanley economists expect an inflation rate of 1.7% for the year. In part because the Federal Reserve judged inflation too low to accommodate "maximum employment and price stability," it announced on September 21 that it would maintain the federal-funds rate at 0-0.25% and "provide additional accommodation if needed to support the economic recovery."

During the third quarter, the Census Bureau reported that single-family housing starts in the second quarter of 2010 rose 24.6% over the previous quarter. Month-over-month in the third quarter, all privately owned housing starts rose 0.4% in July but 10.5% in August. Compared with the same month of 2009, there were 7.8% fewer housing starts in July 2010 and 2.2% more in August.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.3% between June and July, 0.4% between July and August, and 3.6% between August 2009 and August 2010.

In September the Institute for Supply Management's manufacturing-sector index ("PMI") was 54.4, down 1.8 from June, but above 50 for the fourteenth consecutive month and above 42 for the seventeenth consecutive month. The ISM Nonmanufacturing Index ("NMI") rose 1.7 points between August and September. The index has now been above 50 for nine consecutive months.

Generally speaking, a PMI or NMI over 50 indicates that the sector is expanding, and a PMI over 42 indicates that the overall economy is expanding.

U.S. Equity Markets

The third quarter saw an upturn in all major stock indices. Both the Dow Jones Industrial Average and the Standard & Poor's 500 index were up 11%.

Market Commentary

Stock market volatility decreased markedly after a jittery second quarter. The VIX volatility index averaged 24.3 during the third quarter. It reached its high of 37.6 on the first day of trading. The average closing VIX reading declined in every month of the quarter, from 25.6 in July to 24.7 in August and 22.5 in September. In contrast, the VIX reached a high of 48.2 in the second quarter, on the way to an average of 26.4.

During the third quarter, all sectors of the S&P 500 index shared the gains of the overall equity markets. The largest advances were for Telecommunication Services (21.0%) and Materials (17.8%). Consumer Discretionary (15.2%), Industrials (14.3%), Energy (13.0%), Information Technology (11.8%), and Utilities (12.4%) also rose sharply. Reported returns were strong for Consumer Staples (up 10.6%) and Health Care (up 8.9%). Financials were the laggards, up 4.3%.

The stocks of small- and mid-cap companies outperformed those of larger companies in the third quarter. The Russell 1000 index, a large-cap index, rose 11.6% for the quarter and 10.8% for the 12-month period ending September 30. In comparison, the Russell Midcap index rose 13.3% for the quarter and 17.6% for the 12-month period, and the Russell 2000 index, a small-cap index, also rose 11.3% for the quarter but climbed 13.3% for the 12-month period.

Growth stocks outperformed value stocks for large, medium, and small companies. Returns for the large-cap Russell 1000 Value index were 10.1% for the quarter and 8.9% in the 12-month period while the Russell 1000 Growth index rose 13.0% for the quarter and 12.7% for the 12-month period. Similarly, the Russell Midcap Value index rose 12.1% for the quarter and 16.9% for the 12-month period while the Russell Midcap Growth index was up even more—14.6% for the quarter and 18.3% for the 12-month period. In small caps, the Russell 2000 Value index rose 9.7% for the quarter and 11.8% for the 12-month period while the Russell 2000 Growth index rose 12.8% for the quarter and 14.8% for the 12-month period.

Global Equity Markets

Overseas equity markets also rose markedly in both developed and emerging economies. For the third quarter, the Morgan Stanley Capital International Europe Australasia Far East index ("MSCI EAFE"), a benchmark for developed markets, rose 16.5% for U.S. dollar-based investors and 7.2% for local-currency investors as the dollar declined in relation to many other currencies. For the 12-month period ending September 30, the MSCI EAFE was up 3.7% in terms of the U.S. dollar and 3.0% in terms of local currencies.

Similarly, the MSCI Europe index of developed markets rose 19.4% for U.S.-currency investors and 9.1% for local-currency investors during the quarter and 3.23% in terms of the dollar and 6.42% in terms of local currencies for the 12-month period. The MSCI Far East index also rose for the quarter: 8.0% in terms of the dollar and 2.5% in local currencies. For the 12-month period, the MSCI Far East index was up 3.5% for U.S.-currency investors but down 2.8% for local-currency investors.

Market Commentary

Equity markets in overseas emerging economies performed even better. For the quarter, the MSCI Emerging Markets index ("EM") rose 18.2% for U.S.-dollar investors and 12.9% in terms of local currencies. For the 12-month period ending September 30, the EM rose 20.54% in terms of the U.S. dollar and 15.96% in terms of local currencies.

More-specific indices also reflected the overall upturn in emerging-economy equity markets. The MSCI BRIC (Brazil, Russia, India, and China) index rose 15.3% for the quarter and 16.9% for the 12-month period in terms of the dollar. It rose 12.0% for the quarter and 13.9% for the 12-month period in local terms. For the quarter, the MSCI EM Asia index rose 16.0% in U.S.-dollar and 12.3% in local terms. For the year, the same index rose 19.1% in U.S.-dollar and 15.2% in local terms.

The U.S. Bond Market

The quarter saw especially strong demand for bonds as investors sought safe havens, apparently wary about the equity markets, the overall economy, and the consequences of new regulations and midterm elections. Despite low yields, investors bid up the prices of both investment-grade and high-yield corporate bonds, as well as U.S. Treasuries.

The Treasury Department sold two- five- and seven-year notes at record low yields as demand and prices rose during the quarter. Indications that the Federal Reserve might resume a policy of "quantitative easing," in which it purchases U.S. government debt, encouraged both private investors and overseas central banks to invest in Treasuries. Ten-year Treasury yields began the quarter at 2.96%, reached a low of 2.47%, and ended at 2.53%.

The Barclays Capital U.S. Aggregate index, a general measure of the fixed-income market, rose 2.5% for the third quarter and 8.2% for the 12 months ending September 30. A measure of lower-rated corporate bonds, the Barclays Capital High Yield index, rose 6.7% for the quarter and 18.4% for the same 12-month period. Although investors were more wary of mortgage-backed securities, even the Barclays Capital Mortgage Backed index was up 0.6% for the quarter and 5.7% for the 12-month period.

Investors searching for tax-exempt securities drove the Barclays Capital Muni index up to 3.4% for the quarter and 5.8% for the 12-month period ending September 30.

Market Commentary

INDEX DESCRIPTIONS: DOW JONES INDUSTRIAL AVERAGE: The most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials. The 30 stocks are chosen by the editors of The Wall Street Journal (published by Dow Jones & Company), a practice that dates back to the beginning of the century. The Dow is computed using a price-weighted indexing system, rather than the more common market-cap-weighted indexing system. Simply put, the editors at WSJ add up the prices of all the stocks and then divide by the number of stocks in the index. (In actuality, the divisor is much higher today in order to account for stock splits that have occurred in the past.) **NASDAQ COMPOSITE index:** Covers 4,500 stocks traded over the counter. It represents many small company stocks but is heavily influenced by about 100 of the largest NASDAQ stocks. It is a value-weighted index calculated on price change only and does not include income. **S&P 500 index:** Covers 400 industrial, 40 utility, 20 transportation, and 40 financial companies in the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market cap and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested.

RUSSELL 1000 index: Measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. **RUSSELL 1000 GROWTH index:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 1000 VALUE index:** Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 2000 index:** Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 index is a subset of the Russell 3000 index and represents approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. **RUSSELL 2000 GROWTH index:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 2000 VALUE index:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL MIDCAP index:** Measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap index is a subset of the Russell 1000 index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap index represents approximately 31% of the total market capitalization of the Russell 1000. **RUSSELL MIDCAP GROWTH index:** Measures the performance of those Russell mid-cap companies with higher price-to-book ratios and higher forecasted growth rates. **RUSSELL MIDCAP VALUE index:** Measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

N.B. All Lehman Brothers bond indices were converted to and renamed Barclays Capital indices on 11/3/08.

Market Commentary

BARCLAYS CAPITAL MORTGAGE BACKED index: Covers all fixed securities issued and backed by mortgage pools of GNMMAs, FHLMCs, FNMMAs, graduated payment mortgages ("GPMs"), but not graduated equity mortgages ("GEMs"). The minimum principal amount required is \$50 million. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. The index is rebalanced monthly by market capitalization. **BARCLAYS CAPITAL HIGH YIELD** index: Covers the universe of fixed rate, non-investment-grade debt. Pay-in-kind ("PIK") bonds, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Mexico, Venezuela, etc.) are excluded, but Yankee and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes and step-up coupon structures are also included. All bonds included in the High Yield index must be dollar-denominated and nonconvertible and have at least one year remaining to maturity and an outstanding par value of at least \$150 million. Securities in the index must be rated Ba1 or lower. If both Moody's and S&P provide a rating for a security, the lower of the two ratings is used. A small number of unrated bonds is included in the index; to be eligible they must have previously held a high-yield rating or have been associated with a high-yield issuer and must trade accordingly. **BARCLAYS CAPITAL MUNI** index: The composite measure of the total return performance of the muni bond market. The muni market contains over two million different bond issues. The market is divided into seven major sectors: state G.O. debt (31%); prefunded bonds (7.7%); electric utility revenue bonds (7.79%); hospital revenue bonds (3.4%); state housing revenue bonds (3.4%); industrial development and pollution control revenue bonds (1.8%) and transportation revenue bonds (7.1%). These weightings are reviewed annually. **THE BARCLAYS CAPITAL U.S. AGGREGATE BOND** index: A broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passsthroughs), ABS, and CMBS.

MSCI EUROPE, AUSTRALASIA AND THE FAR EAST (EAFE) index: A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI EUROPE** index: A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in Europe. As of June 2007, the index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits. **MSCI FAR EAST** index: A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in the Far East. As of March 2010, the index consists of the following three developed country indices: Japan, Hong Kong, and Singapore.

Market Commentary

MSCI EMERGING MARKETS index: A free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of May 27, 2010, the index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. **MSCI BRIC index:** A free-float-adjusted market capitalization index that measures equity market performance in larger emerging markets. The index consists of the following emerging-market country indices: Brazil, Russia, India, and China. **MSCI EM Asia index:** A free-float-adjusted market capitalization index that measures equity market performance in emerging markets in Asia. The index consists of the following emerging-market country indices: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

VIX index: (Chicago Board Options Exchange Volatility index) Estimates volatility in the S&P 500 index for the next 30 days using a weighted blend of prices for various options on the S&P.

Indices are not available for direct investment. Index returns consist of income and capital appreciation (or depreciation) and do not take into account fees, taxes or other charges. Such fees and charges would reduce performance.

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Market Commentary

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. These risks may be magnified in emerging markets. International investing may not be for everyone. Small- and mid-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer. With respect to fixed income securities, please note that, in general, as prevailing interest rates rise, fixed income securities prices will fall. High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. (c) 2010 Morgan Stanley Smith Barney LLC. Member SIPC. Consulting Group is a business of Morgan Stanley Smith Barney LLC.

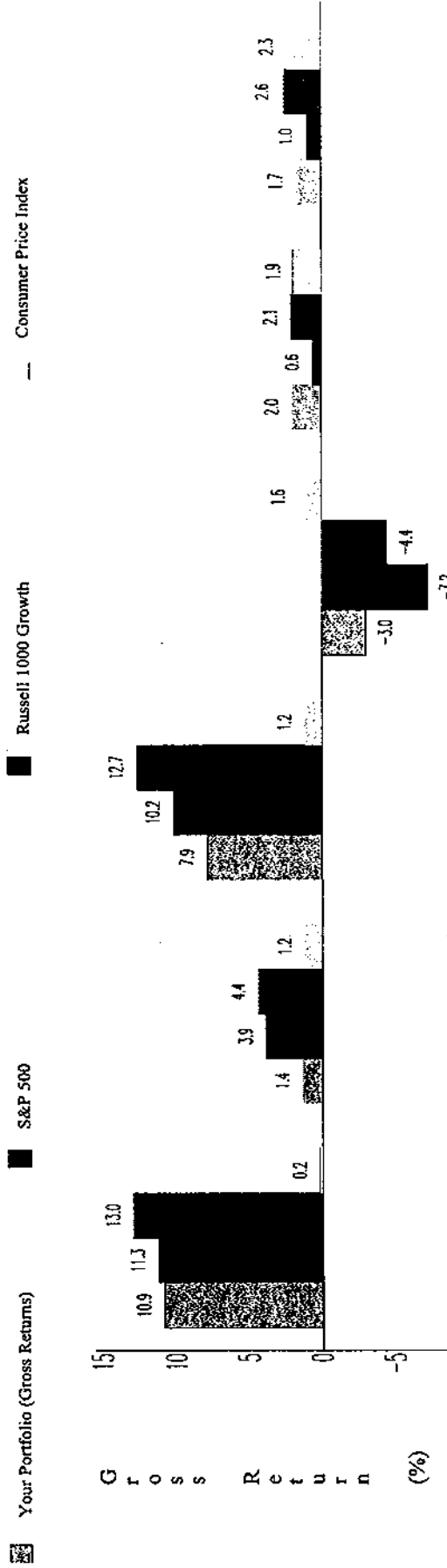
Portfolio Performance Review

	Current Quarter 06/30/10-09/30/10	Year-To-Date 12/31/09-09/30/10	One Year 09/09-09/10	Three Years 09/07-09/10	Five Years 09/05-09/10	Since Inception 03/11/05-09/30/10
Portfolio Beginning Value	\$ 2,800,817	\$ 3,078,971	\$ 2,750,578	\$ 1,802,340	\$ 1,521,933	\$ 1,138,498
Accrued Income	1,430	2,714	3,445	984	499	878
Total Beginning Value	\$ 2,802,247	\$ 3,081,685	\$ 2,754,023	\$ 1,803,324	\$ 1,522,432	\$ 1,139,376
Net Contributions/Withdrawals	0	0	150,000	1,140,000	1,140,000	1,540,000
Net Invested Capital	\$ 2,802,247	\$ 3,081,685	\$ 2,904,023	\$ 2,943,324	\$ 2,662,432	\$ 2,679,376
Portfolio Appreciation	298,288	18,850	196,512	157,211	438,103	421,159
Portfolio Ending Value	\$ 3,097,024	\$ 3,097,024	\$ 3,097,024	\$ 3,097,024	\$ 3,097,024	\$ 3,097,024
Accrued Income	3,511	3,511	3,511	3,511	3,511	3,511
Total Ending Value	\$ 3,100,535	\$ 3,100,535	\$ 3,100,535	\$ 3,100,535	\$ 3,100,535	\$ 3,100,535
Total Net Return (Cumulative %)	10.7	0.6	6.8	(11.5)	4.8	3.5
Total Net Return (Annualized %)				(4.0)	0.9	0.6

Note: Portfolio Appreciation is reduced by the account fee paid directly from your account for services.

Comparative Rates of Return

Your Portfolio's Performance (Gross Return) Compared to Benchmark Returns (Time-Weighted)



	Current Quarter (%) 06/30/10-09/30/10	Year to Date (%) 12/31/09-09/30/10	One Year (%) 09/09-09/10	Three Years (%) 09/07-09/10	Five Years (%) 09/05-09/10	Since (%) 03/11/05
Your Portfolio (Gross Returns)	10.9	1.4	7.9	-3.0	2.0	1.7
S&P 500	11.3	3.9	10.2	-7.2	0.6	1.0
Russell 1000 Growth	13.0	4.4	12.7	-4.4	2.1	2.6
Consumer Price Index*	0.2	1.2	1.2	1.6	1.9	2.3
BC Govt Credit Intermediate	2.8	7.4	7.8	6.9	5.9	5.6
Citigroup 3 Month T-Bill	0.0	0.1	0.1	1.0	2.5	2.5
Russell 1000 Value	10.1	4.5	8.9	-9.4	-0.5	0.2

* Comparative performance starts at the first month-end after inception. Returns for time periods greater than one year are annualized. All index returns include reinvestment of income.

Portfolio Overview

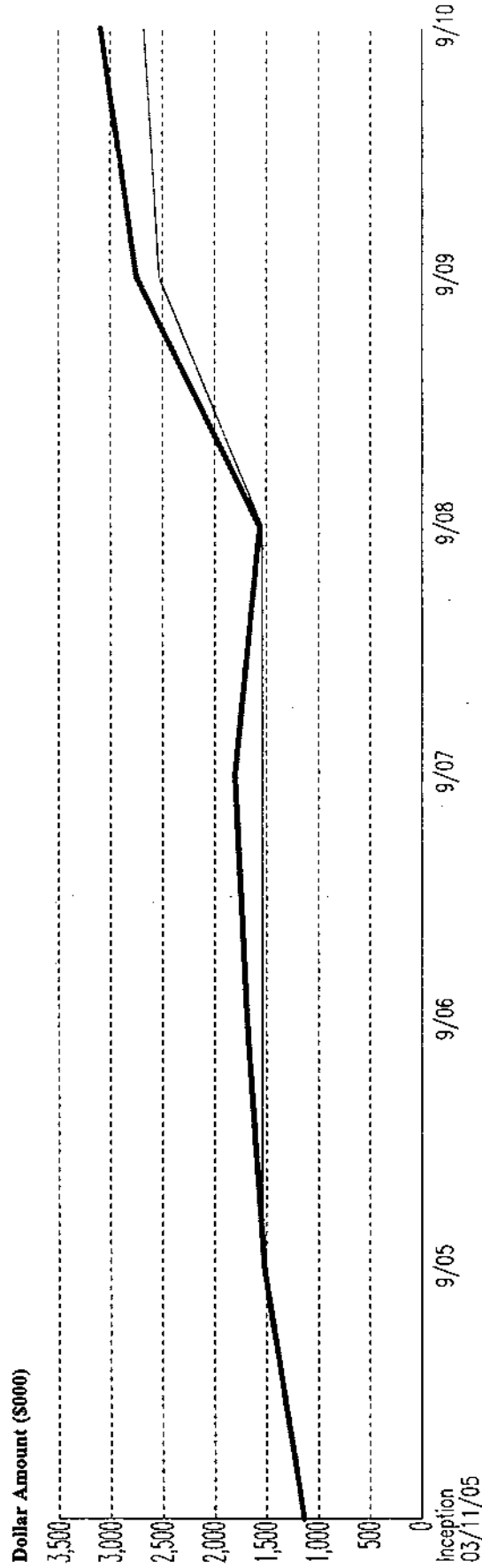
Account Value		GICS Equity Sector Allocation			
Holding Summary	Market Value (\$)	Percent (%)	Sectors	Market Value (\$)	Percent (%)
Cash & Equivalents	116,845.31	3.7	Consumer Discretionary	194,522.70	6.3
Bonds	.00	.0	Consumer Staples	423,441.65	13.7
Stocks	2,980,179.18	96.3	Energy	392,206.40	12.7
			Financials	457,967.07	14.8
			Health Care	552,928.30	17.8
			Industrials	257,223.60	8.3
Total Account Value	3,097,024.49	100.0	Information Technology	701,889.46	22.7

Top Ten Holdings

Shares	Security	Market Value (\$)	Percent of Portfolio (%)	Sector
279	GOOGLE INC-CL A	146,695.41	4.7	Information Technology
2,090	NOVARTIS AG ADR	120,530.30	3.9	Health Care
4,840	MICROSOFT CORP	118,531.60	3.8	Information Technology
1,755	PEPSICO INC NC	116,602.20	3.8	Consumer Staples
1,875	JOHNSON & JOHNSON	116,175.00	3.8	Health Care
843	INTL BUSINESS MACHINES CORP	113,080.02	3.7	Information Technology
1,260	3M COMPANY	109,254.60	3.5	Industrials
1,290	CHEVRON CORP	104,554.50	3.4	Energy
1,620	SCHLUMBERGER LTD	99,808.20	3.2	Energy
4,455	CISCO SYS INC	97,564.50	3.2	Information Technology

Net Invested Capital

Your Account Value vs. Net Invested Capital (\$000)



Total Beginning Value	\$1,139,375
Net Contribution/Withdrawals	1,540,000
Net Invested Capital	2,679,375
Total Ending Value	\$3,100,535

This graph illustrates the relationship between your Net Invested Capital (the inception value of your portfolio plus or minus capital contributions and withdrawals) and the market value of your portfolio at specific points in time. The graph depicts to what degree your money manager's investment decisions, market forces, fees and other relevant factors have increased or decreased the value of your portfolio.

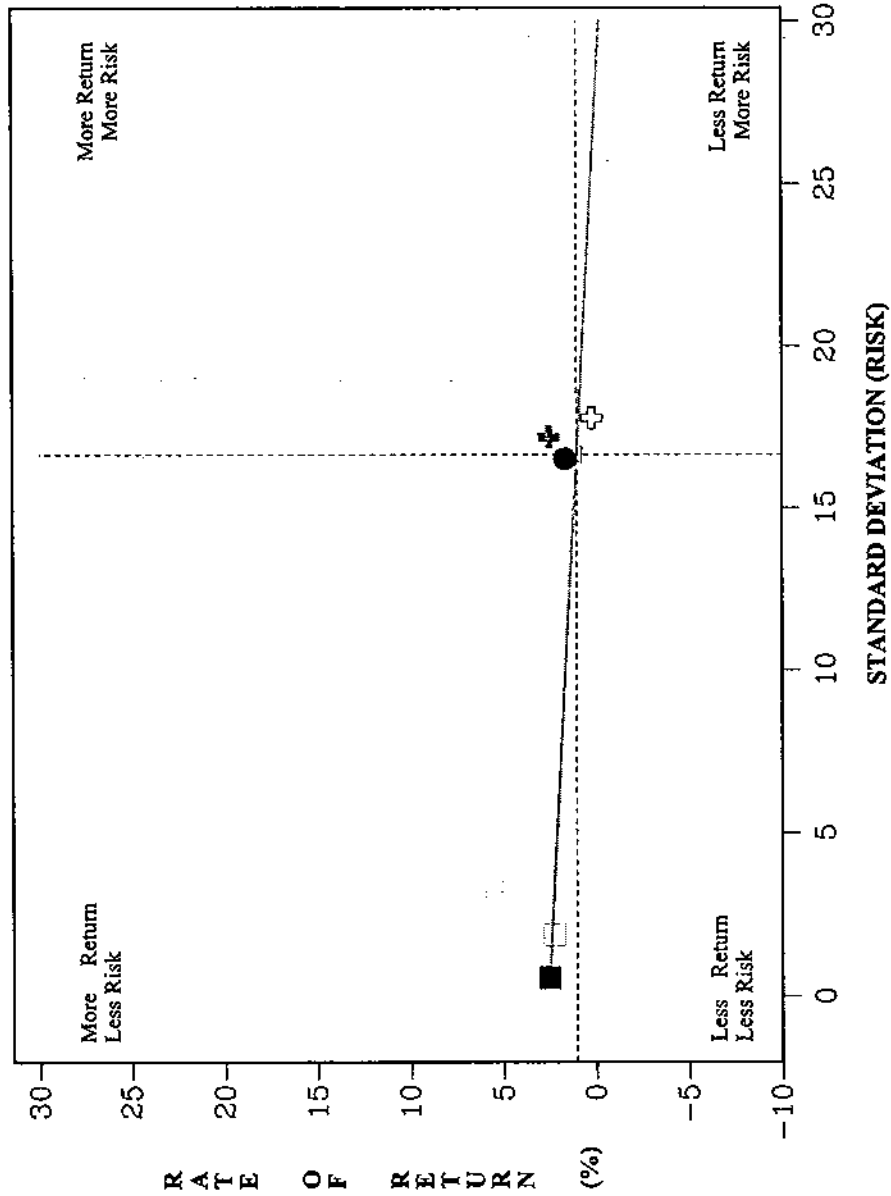
Dollar Values and Quarterly Returns

<u>PERIOD ENDING</u>	<u>DOLLAR VALUES (\$000'S)</u>				<u>GROSS RETURNS (%)</u>			
	<u>YOUR PORTFOLIO</u>	<u>SP500</u>	<u>CPI</u>	<u>YOUR PORTFOLIO</u>	<u>SP500</u>	<u>CPI</u>	<u>YOUR PORTFOLIO</u>	<u>CPI</u>
3/31/05*	1,515.4	1,515.4	1,515.4	N/A	N/A	N/A	N/A	N/A
3/06	1,588.3	1,676.0	1,550.3	4.6	4.2	1.5	(1.2)	1.6
6/06	1,565.4	1,647.8	1,570.1	(1.2)	(1.4)	1.6	8.0	0.0
9/06	1,685.5	1,736.8	1,566.0	8.0	5.7	0.0	5.4	(0.5)
12/06	1,772.3	1,848.5	1,553.2	5.4	6.7	(0.5)		
3/07	1,718.3	1,855.8	1,575.9	(2.8)	0.6	1.8	5.1	1.5
6/07	1,801.0	1,967.7	1,594.5	5.1	6.3	1.5	0.4	0.1
9/07	1,803.3	2,002.8	1,591.0	0.4	2.0	0.1	(1.4)	0.7
12/07	1,774.2	1,931.7	1,598.1	(1.4)	(3.3)	0.7		
3/08	1,665.1	1,744.8	1,620.2	(5.9)	(9.4)	1.7	(5.1)	2.5
6/08	1,575.7	1,693.3	1,655.9	(5.1)	(2.7)	2.5	(0.4)	0.0
9/08	1,564.9	1,547.8	1,658.1	(0.4)	(8.4)	0.0	(23.0)	(4.3)
12/08	1,277.8	1,279.3	1,656.9	(23.0)	(21.9)	(4.3)		
3/09	1,466.7	1,439.4	1,994.3	(9.1)	(11.0)	1.4	19.8	1.4
6/09	2,303.3	2,206.8	2,522.9	15.3	15.6	0.1	6.4	0.0
9/09	2,754.0	2,650.4	2,620.1	15.3	6.0	0.0		
12/09	3,081.7	2,962.9	2,762.2	6.4	5.4	0.8		
3/10	3,199.7	3,113.7	2,775.7	4.1	5.4	0.8	(12.2)	0.2
6/10	2,802.2	2,750.9	2,771.7	(12.2)	(11.4)	0.2	10.9	0.2
9/10	3,100.5	3,054.1	2,770.9	10.9	11.3	0.2		

* First month end following the inception of your account

Comparative Risk Return

March 11, 2005 through September 30, 2010



* First month-end following the inception of your account.
Note: All returns are annualized.

This report is not an official statement and has been prepared for general informational purposes only. The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. This report is not intended to be a substitute for the official account statements you receive on a regular basis from Morgan Stanley Smith Barney. All information, calculations, estimates and opinions included in this report constitute our best judgment as of the report date (unless otherwise noted) and may be subject to change. Please see your official account statement for official information. Past performance is not a guarantee of future results. Morgan Stanley Smith Barney LLC, Member SIPC.

If this report includes alternative investments and corresponding benchmark indices, the assets in these investments and indices are difficult to value, values may be several weeks old, and the index values reflect pricing from multiple sources. Therefore, these values as of certain dates are subject to change. For example, the HFRI Fund of Funds Composite Index (HFRI Fund of Funds Comp) is updated three times a month and the current month's and prior three months' values are subject to change. The HFRI Fund of Funds Comp index values are likely to be more up-to-date than the data for the alternative investments shown in this report. This report shows the latest generally available alternative investment and index data as of the date of this report and Morgan Stanley Smith Barney is not obligated to notify you if this data changes.

If your account was inception prior to 1/1/2001 and contains the MSCI All Country World Ex-US index, please note that gross returns are being used from 1/1/1988 to 12/31/2000 and the net returns begin as of 1/1/2001. Net returns for this index were not calculated prior to 1/1/2001.

Please notify your Financial Advisor if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your Investment Advisory accounts, or to reasonably modify existing restrictions.

For a copy of the applicable SEC Form ADV Disclosure Document for Morgan Stanley Smith Barney LLC, or for any Investment Adviser with whom we contract to manage your investment advisory account, please contact your Financial Advisor. These Disclosure Documents contain important information about advisory programs.

Glossary of Terms

Portfolio Beginning Value

The total market value of the portfolio on a trade date basis excluding "Accrued Income" at the beginning of the reporting period.

Accrued Income

The dividends and interest earned but not received at both the beginning and end of each reporting period.

Total Beginning Value

The "Portfolio Beginning Value" including "Accrued Income" at the start of each measurement period.

Net Contributions/Withdrawals

The total dollar amount that was contributed or withdrawn from the account during the reporting period. A negative dollar amount indicates that the total withdrawals exceeded the total contributions for the reporting period.

Net Invested Capital

The "Total Beginning Value" of the portfolio at the start of each reporting period adjusted for "Net Contributions/Withdrawals" occurring through the end of the reporting period.

Portfolio Appreciation

The total dollar gain/loss of the portfolio for each reporting period. It is calculated as the difference between "Net Invested Capital" and "Total Ending Value."

Portfolio Ending Value

The total market value of the portfolio on a trade date basis excluding accrued income at the end of the reporting period.

Total Ending Value

The "Portfolio Ending Value" including "Accrued Income" at the end of the reporting period.

Total Net Return

The percentage gain/loss of the portfolio since the beginning of each reporting period. The return is reduced by the account fee paid directly from your account for services. Fees paid outside Morgan Stanley Smith Barney are not recognized and therefore will not impact this return. These returns are expressed cumulatively and annualized.

Your Portfolio's Performance (Gross Returns)

The percentage gain/loss of the portfolio since the first month-end following the Inception Date. The gross return is not reduced by the amount of the fee. Returns in excess of one year are annualized.

Risk (Standard Deviation)

A statistical measure defined as the volatility of returns relative to an average (mean) return. When returns are normally distributed, a return will fall within one standard deviation about two-thirds of the time. For example, if an account or index had a return of 5% and a standard deviation of 13%, there is a 66% (two-thirds) chance that the return would vary plus or minus 13 percentage points from the 5% return (-8% to +18%). Simplified, this means that a higher standard deviation implies greater volatility (ie., risk) in the portfolio.

For further explanation of terms, please contact your Financial Advisor.

INVESTMENT PERFORMANCE REPORT

103-095
FRESNO COUNTY ECONOMIC OPPORTUNITIE
COMMISSION PENSION PLAN DTD 1/1/80
LAZARD INT'L
1920 MARIPOSA MALL
FRESNO CA 93721-2504

YOUR FINANCIAL ADVISOR :

MICHAEL/PETERSEN
9 RIVER PARK PL EAST SUITE 400
FRESNO CA 93720
(559) 433-1330

103-034754-095 / ACCESS
INVESTMENT MANAGER : LAZARD ASSET MANAGEMENT, LLC
PORTFOLIO TYPE : INTERNATIONAL VALUE
SEPTEMBER 30, 2010

The value of securities for billing purposes includes accrued interest/dividends as of the billing date.

Market Commentary

CONSULTING GROUP -- Capital Markets Overview -- Third Quarter 2010

Introduction

- The Great Recession ended in June 2009, according to a National Bureau of Economic Research announcement on September 20. While noting that economic activity sometimes remains sluggish well into an expansion, the Bureau also announced that the U.S. economy is in fact recovering.
- In the third quarter, markets responded to a continuing, if sometimes uneven, global economic expansion led by developing economies.
- In developing economies, demand for exports drove growth.
- Many analysts expect this growth to spur demand for imports of production equipment and technology from developed economies.
- In the U.S., corporate profits remained strong, and many companies were able to borrow at very low rates, while maintaining high cash reserves. Mergers and acquisitions activity also increased.
- As concerns about a double-dip recession subsided, U.S. and global equity prices climbed sharply in the third quarter to enter positive territory for the year.
- The Dow Jones Industrial Average, Standard & Poor's 500 index, and NASDAQ Composite index ended the quarter with one of the strongest Septembers on record.
- Equity markets abroad gained as well. Both the MSCI Emerging Markets index and the MSCI EAFE index (a benchmark for developed markets) were up more than 16% in U.S. dollars for the quarter and are now in positive territory for the year.
- Despite low yields, investors bid up the prices of both investment-grade and high-yield corporate bonds, as well as U.S. Treasuries, whose yields fell to their lowest point since January 2009 as demand and prices rose during the quarter.

The U.S. Economy

In its September 30 update, the Department of Commerce estimated that Gross Domestic Product grew at an annual rate of 1.7% in the second quarter of 2010 in comparison with 3.7% in the first quarter of 2010. Morgan Stanley & Co. Incorporated ("Morgan Stanley") economists forecast that U.S. GDP will increase 2.7% in 2010.

Market Commentary

Although the number of private sector employees grew during the quarter, temporary Census and other government workers continued to be laid off. The number of nonfarm employees declined slightly between June and the end of September, by 0.6%. The seasonally adjusted unemployment rate remained at 9.5% to 9.6% for the quarter.

According to the most recent estimate from the Commerce Department, corporate profits rose 3.0% between the first and second quarters of 2010 and 37% between the second quarter of 2009 and the second quarter of 2010.

Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index rose 0.3% in both July and August. Morgan Stanley economists expect an inflation rate of 1.7% for the year. In part because the Federal Reserve judged inflation too low to accommodate "maximum employment and price stability," it announced on September 21 that it would maintain the federal-funds rate at 0-0.25% and "provide additional accommodation if needed to support the economic recovery."

During the third quarter, the Census Bureau reported that single-family housing starts in the second quarter of 2010 rose 24.6% over the previous quarter. Month-over-month in the third quarter, all privately owned housing starts rose 0.4% in July but 10.5% in August. Compared with the same month of 2009, there were 7.8% fewer housing starts in July 2010 and 2.2% more in August.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.3% between June and July, 0.4% between July and August, and 3.6% between August 2009 and August 2010.

In September the Institute for Supply Management's manufacturing-sector index ("PMI") was 54.4, down 1.8 from June, but above 50 for the fourteenth consecutive month and above 42 for the seventeenth consecutive month. The ISM Nonmanufacturing Index ("NMI") rose 1.7 points between August and September. The index has now been above 50 for nine consecutive months.

Generally speaking, a PMI or NMI over 50 indicates that the sector is expanding, and a PMI over 42 indicates that the overall economy is expanding.

U.S. Equity Markets

The third quarter saw an upturn in all major stock indices. Both the Dow Jones Industrial Average and the Standard & Poor's 500 index were up 11%.

Market Commentary

Stock market volatility decreased markedly after a jittery second quarter. The VIX volatility index averaged 24.3 during the third quarter. It reached its high of 37.6 on the first day of trading. The average closing VIX reading declined in every month of the quarter, from 25.6 in July to 24.7 in August and 22.5 in September. In contrast, the VIX reached a high of 48.2 in the second quarter, on the way to an average of 26.4.

During the third quarter, all sectors of the S&P 500 index shared the gains of the overall equity markets. The largest advances were for Telecommunication Services (21.0%) and Materials (17.8%). Consumer Discretionary (15.2%), Industrials (14.3%), Energy (13.0%), Information Technology (11.8%), and Utilities (12.4%) also rose sharply. Reported returns were strong for Consumer Staples (up 10.6%) and Health Care (up 8.9%). Financials were the laggards, up 4.3%.

The stocks of small- and mid-cap companies outperformed those of larger companies in the third quarter. The Russell 1000 index, a large-cap index, rose 11.6% for the quarter and 10.8% for the 12-month period ending September 30. In comparison, the Russell Midcap index rose 13.3% for the quarter and 17.6% for the 12-month period, and the Russell 2000 index, a small-cap index, also rose 11.3% for the quarter but climbed 13.3% for the 12-month period.

Growth stocks outperformed value stocks for large, medium, and small companies. Returns for the large-cap Russell 1000 Value index were 10.1% for the quarter and 8.9% in the 12-month period while the Russell 1000 Growth index rose 13.0% for the quarter and 12.7% for the 12-month period. Similarly, the Russell Midcap Value index rose 12.1% for the quarter and 16.9% for the 12-month period while the Russell Midcap Growth index was up even more-14.6% for the quarter and 18.3% for the 12-month period. In small caps, the Russell 2000 Value index rose 9.7% for the quarter and 11.8% for the 12-month period while the Russell 2000 Growth index rose 12.8% for the quarter and 14.8% for the 12-month period.

Global Equity Markets

Overseas equity markets also rose markedly in both developed and emerging economies. For the third quarter, the Morgan Stanley Capital International Europe Australasia Far East index ("MSCI EAFE"), a benchmark for developed markets, rose 16.5% for U.S. dollar-based investors and 7.2% for local-currency investors as the dollar declined in relation to many other currencies. For the 12-month period ending September 30, the MSCI EAFE was up 3.7% in terms of the U.S. dollar and 3.0% in terms of local currencies.

Similarly, the MSCI Europe index of developed markets rose 19.4% for U.S.-currency investors and 9.1% for local-currency investors during the quarter and 3.23% in terms of the dollar and 6.42% in terms of local currencies for the 12-month period. The MSCI Far East index also rose for the quarter: 8.0% in terms of the dollar and 2.5% in local currencies. For the 12-month period, the MSCI Far East index was up 3.5% for U.S.-currency investors but down 2.8% for local-currency investors.

Market Commentary

Equity markets in overseas emerging economies performed even better. For the quarter, the MSCI Emerging Markets index ("EM") rose 18.2% for U.S.-dollar investors and 12.9% in terms of local currencies. For the 12-month period ending September 30, the EM rose 20.54% in terms of the U.S. dollar and 15.96% in terms of local currencies.

More-specific indices also reflected the overall upturn in emerging-economy equity markets. The MSCI BRIC (Brazil, Russia, India, and China) index rose 15.3% for the quarter and 16.9% for the 12-month period in terms of the dollar. It rose 12.0% for the quarter and 13.9% for the 12-month period in local terms. For the quarter, the MSCI EM Asia index rose 16.0% in U.S.-dollar and 12.3% in local terms. For the year, the same index rose 19.1% in U.S.-dollar and 15.2% in local terms.

The U.S. Bond Market

The quarter saw especially strong demand for bonds as investors sought safe havens, apparently wary about the equity markets, the overall economy, and the consequences of new regulations and midterm elections. Despite low yields, investors bid up the prices of both investment-grade and high-yield corporate bonds, as well as U.S. Treasuries.

The Treasury Department sold two- five- and seven-year notes at record low yields as demand and prices rose during the quarter. Indications that the Federal Reserve might resume a policy of "quantitative easing," in which it purchases U.S. government debt, encouraged both private investors and overseas central banks to invest in Treasuries. Ten-year Treasury yields began the quarter at 2.96%, reached a low of 2.47%, and ended at 2.53%.

The Barclays Capital U.S. Aggregate index, a general measure of the fixed-income market, rose 2.5% for the third quarter and 8.2% for the 12 months ending September 30. A measure of lower-rated corporate bonds, the Barclays Capital High Yield index, rose 6.7% for the quarter and 18.4% for the same 12-month period. Although investors were more wary of mortgage-backed securities, even the Barclays Capital Mortgage Backed index was up 0.6% for the quarter and 5.7% for the 12-month period.

Investors searching for tax-exempt securities drove the Barclays Capital Muni index up to 3.4% for the quarter and 5.8% for the 12-month period ending September 30.

Market Commentary

INDEX DESCRIPTIONS: DOW JONES INDUSTRIAL AVERAGE: The most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials. The 30 stocks are chosen by the editors of The Wall Street Journal (published by Dow Jones & Company), a practice that dates back to the beginning of the century. The Dow is computed using a price-weighted indexing system, rather than the more common market-cap-weighted indexing system. Simply put, the editors at WSJ add up the prices of all the stocks and then divide by the number of stocks in the index. (In actuality, the divisor is much higher today in order to account for stock splits that have occurred in the past.) **NASDAQ COMPOSITE index:** Covers 4,500 stocks traded over the counter. It represents many small company stocks but is heavily influenced by about 100 of the largest NASDAQ stocks. It is a value-weighted index calculated on price change only and does not include income. **S&P 500 index:** Covers 400 industrial, 40 utility, 20 transportation, and 40 financial companies in the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market cap and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested.

RUSSELL 1000 index: Measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. **RUSSELL 1000 GROWTH index:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 1000 VALUE index:** Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 2000 index:** Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 index is a subset of the Russell 3000 index and represents approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. **RUSSELL 2000 GROWTH index:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 2000 VALUE index:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL MIDCAP index:** Measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap index is a subset of the Russell 1000 index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap index represents approximately 31% of the total market capitalization of the Russell 1000. **RUSSELL MIDCAP GROWTH index:** Measures the performance of those Russell mid-cap companies with higher price-to-book ratios and higher forecasted growth rates. **RUSSELL MIDCAP VALUE index:** Measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

N.B. All Lehman Brothers bond indices were converted to and renamed Barclays Capital indices on 11/3/08.

Market Commentary

BARCLAYS CAPITAL MORTGAGE BACKED index: Covers all fixed securities issued and backed by mortgage pools of GNMAs, FHLMCs, FNMA's, graduated payment mortgages ("GPMs"), but not graduated equity mortgages ("GEMs"). The minimum principal amount required is \$50 million. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. The index is rebalanced monthly by market capitalization. **BARCLAYS CAPITAL HIGH YIELD** index: Covers the universe of fixed rate, non-investment-grade debt. Pay-in-kind ("PIK") bonds, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Mexico, Venezuela, etc.) are excluded, but Yankee and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes and step-up coupon structures are also included. All bonds included in the High Yield index must be dollar-denominated and nonconvertible and have at least one year remaining to maturity and an outstanding par value of at least \$150 million. Securities in the index must be rated Ba1 or lower. If both Moody's and S&P provide a rating for a security, the lower of the two ratings is used. A small number of unrated bonds is included in the index; to be eligible they must have previously held a high-yield rating or have been associated with a high-yield issuer and must trade accordingly. **BARCLAYS CAPITAL MUNI** index: The composite measure of the total return performance of the muni bond market. The muni market contains over two million different bond issues. The market is divided into seven major sectors: state G.O. debt (3.1%); preredempted bonds (7.7%); electric utility revenue bonds (7.79%); hospital revenue bonds (3.4%); state housing revenue bonds (3.4%); industrial development and pollution control revenue bonds (1.8%) and transportation revenue bonds (7.1%). These weightings are reviewed annually. **THE BARCLAYS CAPITAL U.S. AGGREGATE BOND** index: A broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS.

MSCI EUROPE, AUSTRALASIA AND THE FAR EAST (EAFE) index: A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI EUROPE** index: A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in Europe. As of June 2007, the index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits. **MSCI FAR EAST** index: A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in the Far East. As of March 2010, the index consists of the following three developed country indices: Japan, Hong Kong, and Singapore.

Market Commentary

MSCI EMERGING MARKETS index: A free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of May 27, 2010, the index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. **MSCI BRIC index:** A free-float-adjusted market capitalization index that measures equity market performance in larger emerging markets. The index consists of the following emerging-market country indices: Brazil, Russia, India, and China. **MSCI EM Asia index:** A free-float-adjusted market capitalization index that measures equity market performance in emerging markets in Asia. The index consists of the following emerging-market country indices: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

VIX index: (Chicago Board Options Exchange Volatility index) Estimates volatility in the S&P 500 index for the next 30 days using a weighted blend of prices for various options on the S&P.

Indices are not available for direct investment. Index returns consist of income and capital appreciation (or depreciation) and do not take into account fees, taxes or other charges. Such fees and charges would reduce performance.

Although the statements of fact and data in this report have been obtained from, and are based upon, sources the firm believes reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Past performance is not a guarantee of future results. This report may contain forward-looking statements, and there can be no guarantee that they will come to pass.

Market Commentary

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. These risks may be magnified in emerging markets. International investing may not be for everyone. Small- and mid-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer. With respect to fixed income securities, please note that, in general, as prevailing interest rates rise, fixed income securities prices will fall. High yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. (c) 2010 Morgan Stanley Smith Barney LLC. Member SIPC. Consulting Group is a business of Morgan Stanley Smith Barney LLC.

Portfolio Performance Review

	Current Quarter 06/30/10-09/30/10	Year-To-Date 12/31/09-09/30/10	One Year 09/09-09/10	Three Years 09/07-09/10	Since Inception 02/20/07-09/30/10
Portfolio Beginning Value	\$ 3,009,923	\$ 3,015,625	\$ 2,851,616	\$ 1,054,395	\$ 1,000,000
Accrued Income	3,096	3,489	4,722	1,786	0
Total Beginning Value	\$ 3,013,019	\$ 3,019,114	\$ 2,856,338	\$ 1,056,181	\$ 1,000,000
Net Contributions/Withdrawals	0	400,000	550,000	2,540,000	2,540,000
Net Invested Capital	\$ 3,013,019	\$ 3,419,114	\$ 3,406,338	\$ 3,596,181	\$ 3,540,000
Portfolio Appreciation	485,093	78,998	91,774	(98,069)	(41,888)
Portfolio Ending Value	\$ 3,493,548	\$ 3,493,548	\$ 3,493,548	\$ 3,493,548	\$ 3,493,548
Accrued Income	4,564	4,564	4,564	4,564	4,564
Total Ending Value	\$ 3,498,112	\$ 3,498,112	\$ 3,498,112	\$ 3,498,112	\$ 3,498,112
Total Net Return (Cumulative %)	16.1	0.7	1.1	(23.1)	(18.8)
Total Net Return (Annualized %)				(8.4)	(5.6)

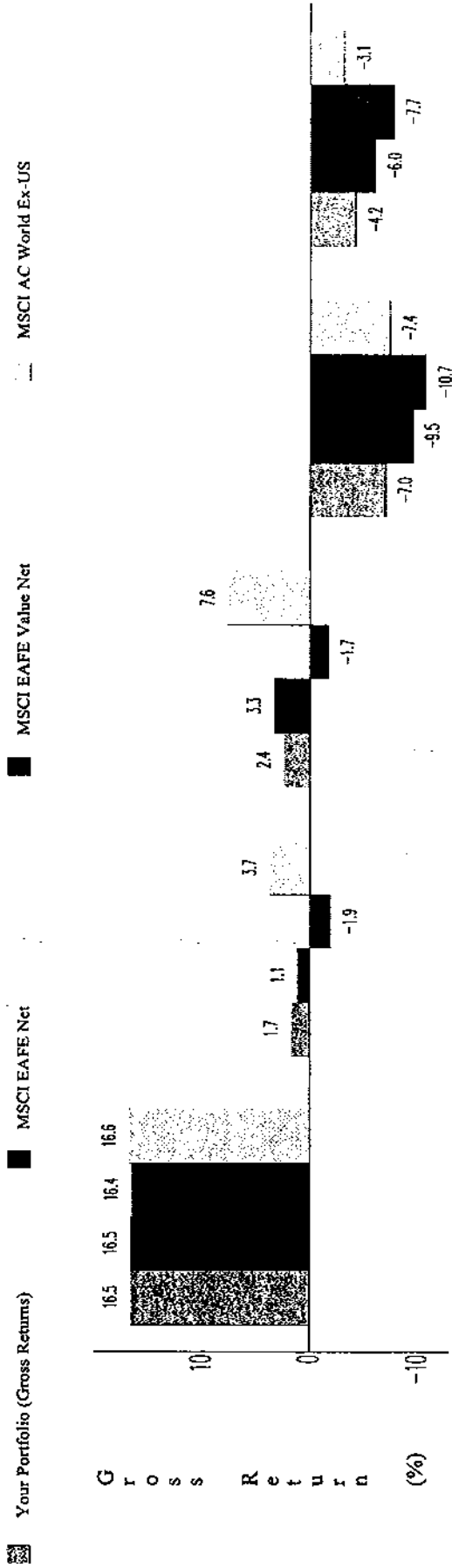
Note: Portfolio Appreciation is reduced by the account fee paid directly from your account for services.

FRESNO COUNTY ECONOMIC OPPORTUNITIE
103-034754-095 / Access

Investment Manager: Lazard Asset Management, LLC
Portfolio Type: International Value
September 30, 2010

Comparative Rates of Return

Your Portfolio's Performance (Gross Return) Compared to Benchmark Returns (Time-Weighted)



	Current Quarter (%) 06/30/10-09/30/10	Year to Date (%) 12/31/09-09/30/10	One Year (%) 09/09-09/10	Three Years (%) 09/07-09/10	Since (%) 02/28/07
Your Portfolio (Gross Returns)	16.5	1.7	2.4	-7.0	-4.2
MSCI EAFE Net	16.5	1.1	3.3	-9.5	-6.0
MSCI EAFE Value Net	16.4	-1.9	-1.7	-10.7	-7.7
MSCI AC World Ex-US	16.6	3.7	7.6	-7.4	-3.1
S&P ADR TR	16.7	0.2	4.5	-8.0	-5.6
S&P 500	11.3	3.9	10.2	-7.2	-4.4
Citigroup 3 Month T-Bill	0.0	0.1	0.1	1.0	1.7

Note: Returns for time periods greater than one year are annualized. All index returns include reinvestment of income.

FRESNO COUNTY ECONOMIC OPPORTUNITIE
103-034754-095 / Access

Investment Manager: Lazard Asset Management, LLC
Portfolio Type: International Value
September 30, 2010

Portfolio Overview

Account Value

Holding Summary	Market Value (\$)	Percent (%)
Cash & Equivalents	155,427.87	4.5
Bonds	.00	.0
Stocks	3,338,120.42	95.5
Total Account Value	3,493,548.29	100.0

GICS Equity Sector Allocation

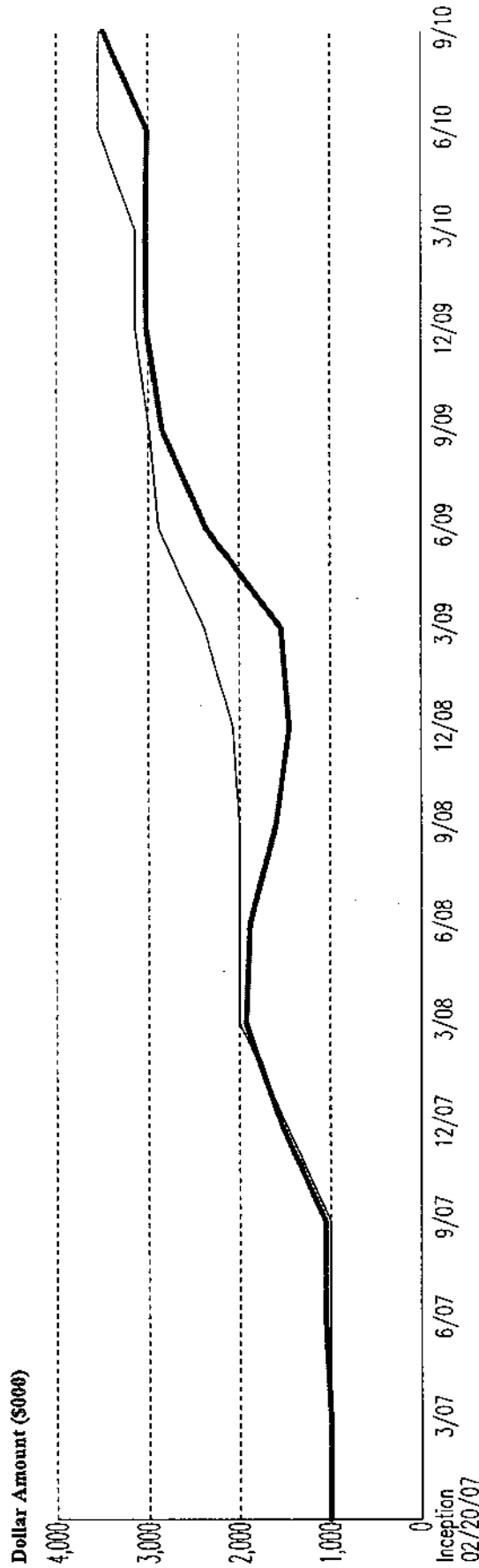
Sectors	Market Value (\$)	Percent (%)
Consumer Discretionary	123,278.43	3.5
Consumer Staples	466,338.13	13.3
Energy	327,473.82	9.4
Financials	698,661.30	19.9
Health Care	505,239.02	14.5
Industrials	196,896.03	5.7
Information Technology	255,045.27	7.3
Materials	163,801.32	4.7
Telecommunication Services	103,702.87	3.0
Other	497,684.23	14.4

Top Ten Holdings

Shares	Security	Market Value (\$)	Percent of Portfolio (%)	Sector
1,805	BRITISH AMER TOB SPON ADR	134,851.55	3.9	Consumer Staples
4,039	SANOFLAVENTIS ADS	134,296.75	3.8	Health Care
3,159	GLAXOSMITHKLINE PLC ADS	124,843.68	3.6	Health Care
2,014	NOVARTIS AG ADR	116,147.38	3.3	Health Care
2,230	HSBC HOLDINGS PLC SPON ADR NEW	112,815.70	3.2	Financials
2,184	CANON INC ADR NEW	102,036.48	2.9	Information Technology
1,570	ROYAL DUTCH SHELL PLC	94,671.00	2.7	Energy
1,565	ANHEUSER BUSCH INBEV SA SPON	91,943.75	2.6	Consumer Staples
1,399	FANUC LTD JAPAN UNSP ADR	89,200.24	2.6	Industrials
1,779	SAP AG	87,722.49	2.5	Information Technology

Net Invested Capital

Your Account Value vs. Net Invested Capital (\$000)



Total Beginning Value	\$1,000,000
Net Contribution/Withdrawals	2,540,000
Net Invested Capital	3,540,000
Total Ending Value	\$3,498,112

This graph illustrates the relationship between your Net Invested Capital (the inception value of your portfolio plus or minus capital contributions and withdrawals) and the market value of your portfolio at specific points in time. The graph depicts to what degree your money manager's investment decisions, market forces, fees and other relevant factors have increased or decreased the value of your portfolio.

FRESNO COUNTY ECONOMIC OPPORTUNITIE
103-034754-095 / Access

Investment Manager: Lazard Asset Management, LLC
Portfolio Type: International Value
September 30, 2010

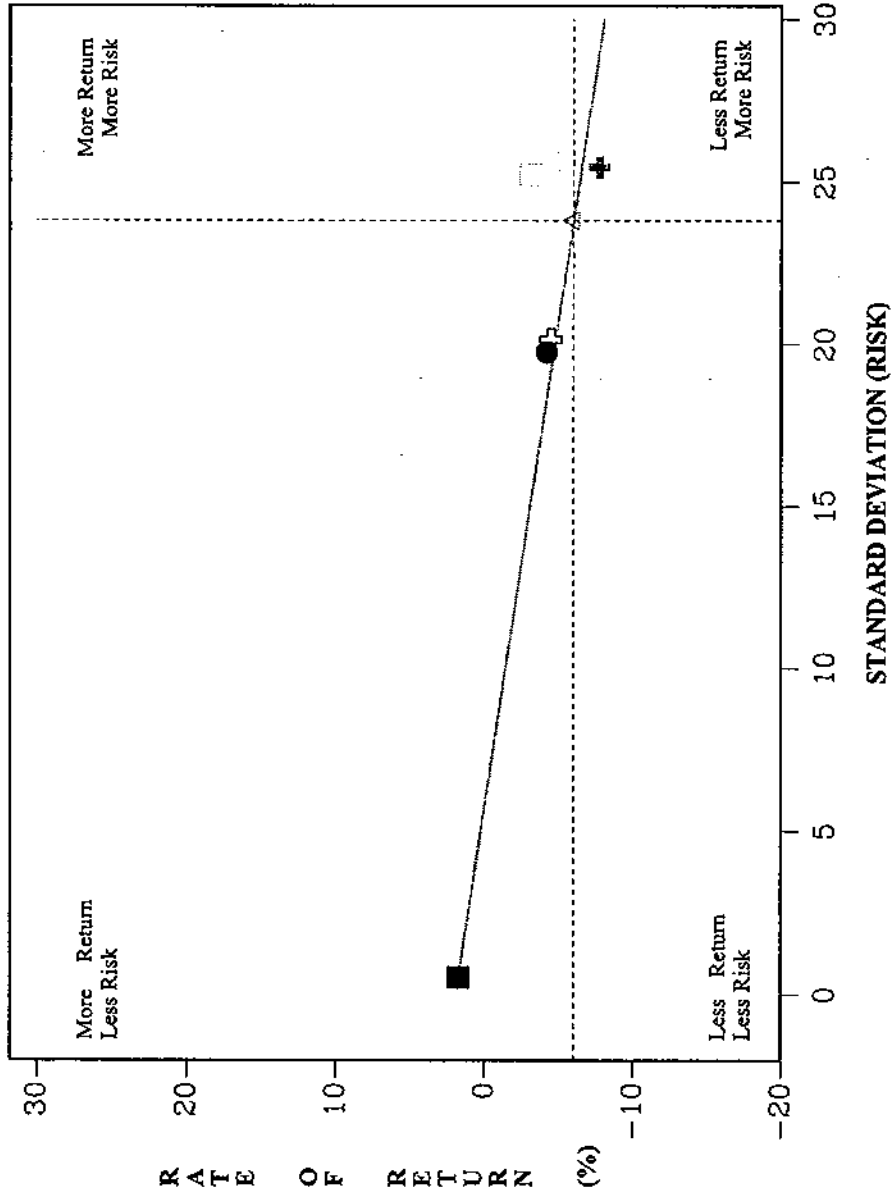
Dollar Values and Quarterly Returns

<u>PERIOD ENDING</u>	<u>DOLLAR VALUES (\$900'S)</u>			<u>GROSS RETURNS (%)</u>		
	<u>YOUR PORTFOLIO</u>	<u>EAFENET</u>	<u>CPI</u>	<u>YOUR PORTFOLIO</u>	<u>EAFENET</u>	<u>CPI</u>
2/28/07*	973.7	973.7	973.7	N/A	N/A	N/A
3/07	998.6	998.5	982.6	2.6	2.6	0.9
6/07	1,055.8	1,058.4	992.8	6.1	6.4	1.5
9/07	1,056.2	1,077.0	989.3	0.5	2.2	0.1
12/07	1,550.6	1,542.9	1,492.9	(0.3)	(1.8)	0.7
3/08	1,931.6	1,887.5	2,016.0	(7.5)	(8.9)	1.7
6/08	1,888.1	1,838.7	2,059.0	(1.9)	(2.3)	2.5
9/08	1,605.2	1,455.1	2,060.1	(14.7)	(20.6)	0.0
12/08	1,449.7	1,235.3	2,039.6	(14.2)	(20.0)	(4.3)
3/09	1,548.1	1,355.1	2,380.3	(13.3)	(13.9)	1.4
6/09	2,370.2	2,264.8	2,912.2	17.5	25.4	1.4
9/09	2,856.3	2,803.6	3,007.9	16.4	19.5	0.1
12/09	3,019.1	3,009.0	3,147.9	0.7	2.2	0.0
3/10	3,028.6	3,024.9	3,162.8	0.6	0.9	0.8
6/10	3,013.0	2,966.6	3,557.3	(13.2)	(14.0)	0.2
9/10	3,498.1	3,445.6	3,556.1	16.5	16.5	0.2

* First month end following the inception of your account

Comparative Risk Return

February 20, 2007 through September 30, 2010



Note: All returns are annualized.

This report is not an official statement and has been prepared for general informational purposes only. The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. This report is not intended to be a substitute for the official account statements you receive on a regular basis from Morgan Stanley Smith Barney. All information, calculations, estimates and opinions included in this report constitute our best judgment as of the report date (unless otherwise noted) and may be subject to change. Please see your official account statement for official information. Past performance is not a guarantee of future results. Morgan Stanley Smith Barney LLC. Member SIPC.

If this report includes alternative investments and corresponding benchmark indices, the assets in these investments and indices are difficult to value, values may be several weeks old, and the index values reflect pricing from multiple sources. Therefore, these values as of certain dates are subject to change. For example, the HFRI Fund of Funds Composite Index (HFRI Fund of Funds Comp) is updated three times a month and the current month's and prior three months' values are subject to change. The HFRI Fund of Funds Comp index values are likely to be more up-to-date than the data for the alternative investments shown in this report. This report shows the latest generally available alternative investment and index data as of the date of this report and Morgan Stanley Smith Barney is not obligated to notify you if this data changes.

If your account was inception prior to 1/1/2001 and contains the MSCI All Country World Ex-US index, please note that gross returns are being used from 1/1/1988 to 12/31/2000 and the net returns begin as of 1/1/2001. Net returns for this index were not calculated prior to 1/1/2001.

Please notify your Financial Advisor if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your Investment Advisory accounts, or to reasonably modify existing restrictions.

For a copy of the applicable SEC Form ADV Disclosure Document for Morgan Stanley Smith Barney LLC, or for any Investment Adviser with whom we contract to manage your investment advisory account, please contact your Financial Advisor. These Disclosure Documents contain important information about advisory programs.

Glossary of Terms

Portfolio Beginning Value

The total market value of the portfolio on a trade date basis excluding "Accrued Income" at the beginning of the reporting period.

Accrued Income

The dividends and interest earned but not received at both the beginning and end of each reporting period.

Total Beginning Value

The "Portfolio Beginning Value" including "Accrued Income" at the start of each measurement period.

Net Contributions/Withdrawals

The total dollar amount that was contributed or withdrawn from the account during the reporting period. A negative dollar amount indicates that the total withdrawals exceeded the total contributions for the reporting period.

Net Invested Capital

The "Total Beginning Value" of the portfolio at the start of each reporting period adjusted for "Net Contributions/Withdrawals" occurring through the end of the reporting period.

Portfolio Appreciation

The total dollar gain/loss of the portfolio for each reporting period. It is calculated as the difference between "Net Invested Capital" and "Total Ending Value."

Portfolio Ending Value

The total market value of the portfolio on a trade date basis excluding accrued income at the end of the reporting period.

Total Ending Value

The "Portfolio Ending Value" including "Accrued Income" at the end of the reporting period.

Total Net Return

The percentage gain/loss of the portfolio since the beginning of each reporting period. The return is reduced by the account fee paid directly from your account for services. Fees paid outside Morgan Stanley Smith Barney are not recognized and therefore will not impact this return. These returns are expressed cumulatively and annualized.

Your Portfolio's Performance (Gross Returns)

The percentage gain/loss of the portfolio since the first month-end following the Inception Date. The gross return is not reduced by the amount of the fee. Returns in excess of one year are annualized.

Risk (Standard Deviation)

A statistical measure defined as the volatility of returns relative to an average (mean) return. When returns are normally distributed, a return will fall within one standard deviation about two-thirds of the time. For example, if an account or index had a return of 5% and a standard deviation of 13%, there is a 66% (two-thirds) chance that the return would vary plus or minus 13 percentage points from the 5% return (-8% to +18%). Simplified, this means that a higher standard deviation implies greater volatility (i.e., risk) in the portfolio.

For further explanation of terms, please contact your Financial Advisor.