THREE BEARINGS
Fiduciary Advisors

Understanding your MS-10 Reports

Unlike the MS-9 report which provides information for the individual trust and capital reserve/expendable trust funds that you oversee, the MS-10 report provides information on the investment holdings for accounts in which the individual trusts and capital reserves are invested in common. That is, the MS-10 tracks principal and income activity for each individual investment in your common accounts.

To facilitate your review related to your MS-10 filing we have attached a set of PDF documents. These are printouts of the Excel Workbook that was used to create the file that will ultimately be uploaded to Axiomatic. To give you some detail on how the MS-10 reports were created, we have provided a sample report for the fictional town of Frost Heaves, NH which has information on the source for each column on the report, or how the figures were calculated. Data for the MS-10 report comes from both your custodian statements and your MS-9 report.

The basic idea behind the worksheet is that each investment holding is made up of part principal and part income. The principal and income balances total to the cost basis of each security. On your initial MS-10 filing through Axiomatic, we derived the allocation between principal and income for each holding using the beginning principal and income balances from the MS-9. On subsequent filings, we will use the prior year's MS-10 report's ending balances for principal and income for each holding.

You will note that we have provided totals for the relevant columns (BOY principal, EOY principal, BOY income, income earned, income expended, EOY income, and EOY principal & income) from the MS-9 to ensure that the MS-10 totals properly tie to the MS-9 report. In addition, the Capital Gains/Losses column from the MS-9 should tie out to the sum of the Principal Cash Cap Gains and Principal Sale Gain Loss column on the MS-10. Finally, since any purchase or sale of a security in your common accounts may be part principal and part income, we use the year-end cost basis for each holding to compute the necessary adjustments to the Principal Purchases and Principal Sale Proceeds so that the year-end cost basis ties out to the year-end Principal & Income balance shown on the MS-9.

Hopefully, the sample report for Frost Heaves will provide some additional clarity for how these figures were derived using both the custodian statements and MS-9 reports. We are happy to answer any questions you have about the details.

Note that we have provided a separate report for each of your common accounts to facilitate your review of the figures and how they tie out to the balances on your MS-9. The state's upload format does not provide a way to differentiate between trust funds and capital reserve/expendable trust funds so the individual MS-10 reports will ultimately be combined into a single file for upload to Axiomatic.

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Town of Frost Heaves MS-10
Common Trust Fund Only

Name of the money market fund, mutual fund, ETF, stock or bond.	Type of investment is selected from the available options given by the state's MS-10 data format.	Shares owned as of 12/31/YYYY from year end custodian statement.	Cost basis for each individual security in the common account as of 1/1/YYYY from prior year-end statement.	Beginning principal balance for each holding is calculated by taking the ratio of BOY principal to BOY principal and income from the MS-9 and multiplying that ratio times the BOY cost basis for each security in the common account. The total ties to the MS-9 beginning principal balance.	Principal purchase amounts are taken from custodian statements but these figures may need to be adjusted because each purchase of a fund is likely to be a combination of principal and income. Purchase amounts are adjusted as needed to ensure that the total ending Principal & Income Balance for each holding matches its year-end cost basis from the custodian statement.	Long-term and short-term cash capital gain distributions paid by each holding are taken from the custodian statements.	Proceeds from sales of each security during the year are taken from the custodian statements. These figures may need to be adjusted because each sale of a fund is likely to be a combination of principal and income. Sale proceeds amounts are adjusted as needed to ensure that the total ending Principal & Income Balance for each holding matches its year-end cost basis from the custodian statement.
Investment Name	Type	Shares Owned	BOY Cost Basis	PrincipalBOYBalance	PrincipalPurchases	PrincipalCashCapGains	PrincipalSaleProceeds
Fidelity Government Cash Reserves	Money Market	18012.03	0	0.00	12408.42	0.00	0.00
Federated Money Market Treasury Obligations Fund	Money Market	0.00	29135.32	23398.54	0.00	0.00	-23398.54
Fidelity Real Estate Income	Mutual Fund/Index Fund/ETF	13084.23	84292.00	67694.80	68979.85	2132.73	0.00
iShares International Select Dividend ETF	Mutual Fund/Index Fund/ETF	3663.00	124287.56	99815.18	2251.09	0.00	-3241.93
iShares Preferred & Income ETF	Mutual Fund/Index Fund/ETF	3193.00	106065.64	85181.18	16408.87	0.00	0.00
Vanguard High Dividend Yield ETF	Mutual Fund/Index Fund/ETF	3566.00	260873.93	209507.51	5692.60	0.00	-43607.75
WisdomTree MidCap Dividend ETF	Mutual Fund/Index Fund/ETF	3807.00	161584.34	129768.17	1369.21	0.00	-83951.59
Baird Aggregate Bond Fund	Mutual Fund/Index Fund/ETF	63616.62	675532.00	542518.87	2288.09	0.00	-16639.00
Fidelity Capital & Income	Mutual Fund/Index Fund/ETF	14112.22	128967.39	103573.54	5286.35	1037.41	0.00
Fidelity Corporate Bond Fund	Mutual Fund/Index Fund/ETF	27445.05	210689.00	169204.06	103826.54	0.00	0.00
Templeton Global Bond Fund	Mutual Fund/Index Fund/ETF	16433.74	204569.00	164289.10	1138.03	0.00	0.00
Weitz Short Duration Income Fund	Mutual Fund/Index Fund/ETF	0.00	192492.23	154590.26	0.00	0.00	-150917.26
DFA World Ex US Govt Fixed Income	Mutual Fund/Index Fund/ETF	1523.11	0.00	0.00	15868.67	168.61	0.00
DoubleLine Low Duration Bond Fund	Mutual Fund/Index Fund/ETF	11882.78	0.00	0.00	79814.60	0.00	0.00
Total			2178488.41	1749541.21	315332.32	3338.75	-321756.07
MS-9 Value				1749541.21			
Delta				0.00			
						Net Purchases	(6,423.75)
						MS-9 Additions	1800.00
						MS-9 Withdrawals	8223.75
						Net MS-9 Principal Change	(6,423.75)
						Delta	0.00
							This calculation is done to ensure that the total net purchases (principal purchases less principal sale proceeds) equal the principal change (additions less withdrawals) shown on the MS-9.

Realized gains/losses on sales of each security are taken from the custodian statements. The MS-9 value in this column is the total principal capital gains/losses column which includes both cash capital gains and realized gains/losses on sales. Column G plus Column H should equal the MS-9 value for Capital Gains/Losses.	This column is not used.	This is the sum of the beginning principal balance, purchases, cash capital gains, sale proceeds and realized gain/loss columns. The total ties to the MS-9 ending principal balance for the common fund.	Beginning income balance for each holding is calculated by taking the ratio of BOY income to BOY principal and income from the MS-9 and multiplying that ratio times the BOY cost basis for each security in the common account. The total ties to the MS-9 beginning income balance.	Annual income earned on each security (dividends and interest) are taken from the custodian statements.	Fees charged to the common fund are allocated across each investment position using the ratio of the fund's income balance (beginning income balance plus gross income earned) to total income.	This is the net income (gross income - fee allocation). The total ties to the MS-9 Income Amount column.	Income expended for each holding is calculated based on each investment's share of the total income balance. This column uses the same allocation formula as the fee allocation column. The total ties to the MS-9 Income Expended During Year column.
PrincipalSaleGainLoss	PrincipalNewFunds	PrincipalEOYBalance	IncomeBOYBalance	GrossIncome	FeeAllocation	IncomeIncome	IncomeExpended
0.00	0.00	12408.42	0.00	122.86	2.18	120.68	7.71
0.00	0.00	0.00	5736.78	234.58	106.10	128.48	374.62
0.00	0.00	138807.38	16597.20	6133.34	403.90	5729.44	1426.02
-369.55	0.00	98454.79	24472.38	6262.53	546.12	5716.41	1928.18
0.00	0.00	101590.05	20884.46	5830.97	474.70	5356.27	1676.01
8161.68	0.00	179754.04	51366.42	10688.29	1102.64	9585.65	3893.05
21639.64	0.00	68825.43	31816.17	4274.69	641.29	3633.40	2264.19
869.01	0.00	529036.97	133013.13	19597.79	2711.73	16886.06	9574.15
0.00	0.00	109897.30	25393.85	7366.61	582.12	6784.49	2055.25
0.00	0.00	273030.60	41484.94	9950.23	913.95	9036.28	3226.82
0.00	0.00	165427.13	40279.90	10558.72	903.35	9655.37	3189.40
-3673.00	0.00	0.00	37901.97	3585.84	737.19	2848.65	2602.77
0.00	0.00	16037.28	0.00	503.23	8.94	494.29	31.57
0.00	0.00	79814.60	0.00	1489.46	26.47	1462.99	93.44
26627.78	0.00	1773083.99	428947.20	86599.14	9160.68	77438.46	32343.18
29966.53		1773083.99	428947.20		9160.68	77438.46	32343.18
0.00		0.00	0.00		0.00	0.00	0.00

The ending income balance is calculated by taking the BOY income balance, adding net income and subtracting the allocated expenditure amount. The total ties to the MS-9 ending income balance for the common account.	This column sums the year-end principal and income balances for each holding and the total ties to the MS-9 Total Principal & Income column.	Year-end cost basis for each holding is taken from the 12/31/YYYY custodian statement. The total of this column ties to the Total Principal & Income column on the MS-9. This column is used to determine variances in the principal purchases and sales that need to be adjusted to tie out each holding's year-end balance to the MS-9.	This column is used to identify holdings which need to have their principal purchases or sales proceeds adjusted to match the MS-9 ending principal balance.	This column is optional and is not used.	This column is optional and is not used.		Used to identify investment holdings that were removed from the common account during the year.	Date investment removed from the common account.	Reason investment was removed (sold, matured, etc.)
IncomeEOYBalance	EOYPrincipal&Income	EOYCostBasis	Delta	PrincipalOnlyBOYFairValue	PrincipalOnlyUnrealizedGains	Note	Deleted	DeletedOn	DeletedReason
5603.61	18012.03	18012.03	0.00000						
0.00	0.00	0.00	0.00000				1	8/19/2019	Sold
20900.62	159708.00	159708.00	0.00000						
28260.61	126715.40	126715.40	0.00000						
24564.72	126154.77	126154.77	0.00000						
57059.02	236813.06	236813.06	0.00000						
33185.38	102010.81	102010.81	0.00000						
140325.04	669362.01	669362.01	0.00000						
30123.09	140020.39	140020.39	0.00000						
47294.40	320325.00	320325.00	0.00000						
46745.87	212173.00	212173.00	0.00000						
0.00	0.00	0.00	0.00000				1	7/5/2019	Sold
462.72	16500.00	16500.00	0.00000						
39517.40	119332.00	119332.00	0.00000						
474042.48	2247126.47	2247126.47	0.00						
474042.48	2247126.47	2247126.47							
0.00	0.00	0.00							

Additional information regarding why a holding was removed from the MS-10 ledger.
Delete Note
Account transferred to Fidelity - ba