

MORE THAN LOYALTY.



Charitable Lead Trusts Underappreciated

August 27, 2014

★ ★ ★ ★ ★
SOUTH TEXAS
MONEY MANAGEMENT™
— LTD —

HELPING INDIVIDUALS, INDIVIDUALLY.®

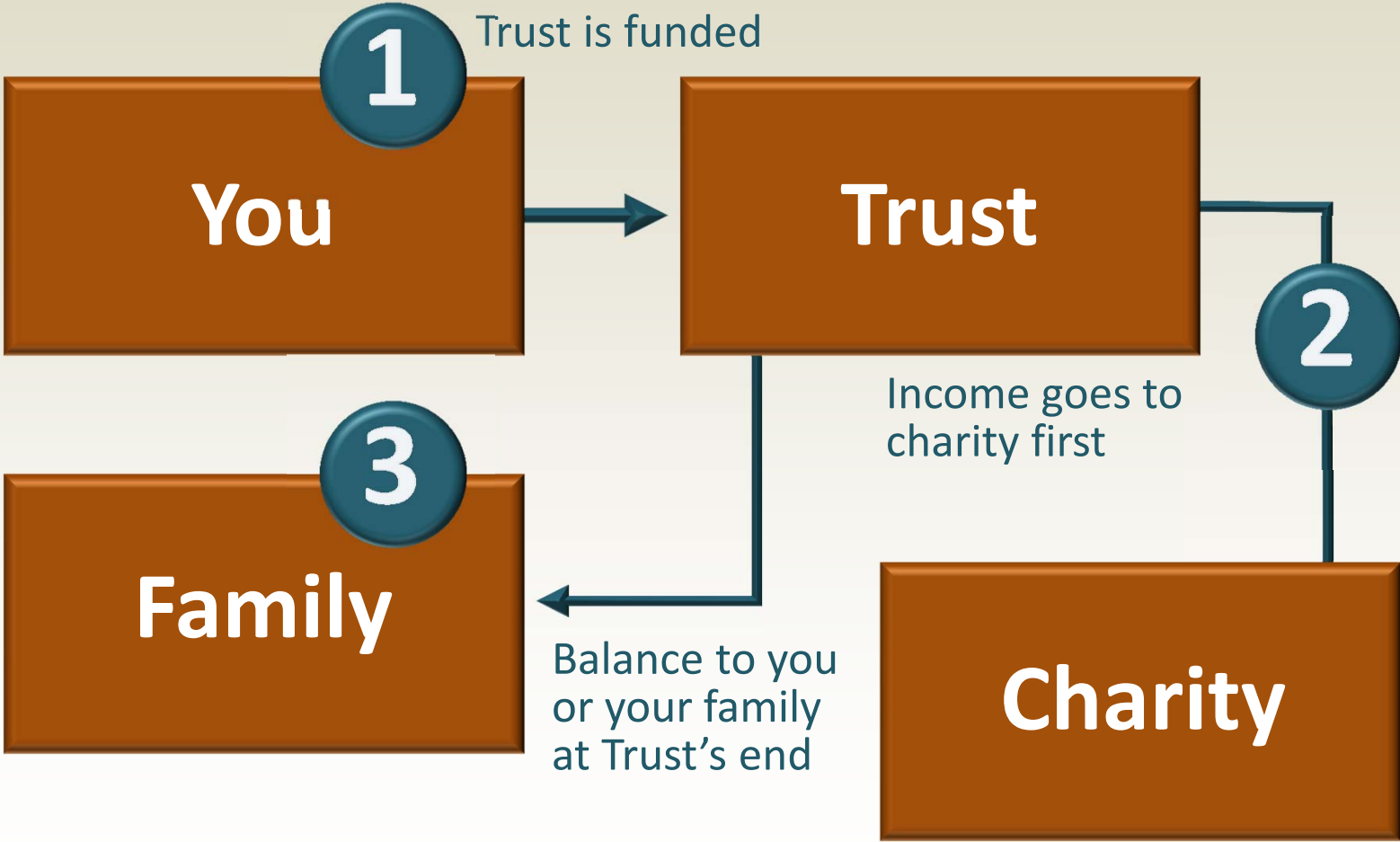
1. Disclosures
2. Background
3. Personal interest
4. Laying some ground work on CLTs
5. Why so seldom used?
6. Low interest rate environment more favorable for CLTs

7. Use an attorney that is experienced and knowledgeable about these instruments
8. Suggestions on how to invest CLTs
9. Who can determine non-profits to benefit?
10. Talking to donors

What is a Charitable Lead Trust?

A charitable lead trust (CLT) is essentially a charitable remainder trust in reverse. First, the charity receives an income stream (the income interest), then, at the end of the specified trust term, which can be for a term of years, for the lifetime of the donor, or for the lifetimes of the donor and the donor's spouse, any income and principal remaining in the CLT (the remainder interest) can either revert back to the donor or pass to other non-charitable beneficiaries named in the trust.

Charitable Lead Trust Illustration



How to Invest Charitable Lead Trusts

CONSERVATIVE

	Historical Compound Annual Returns and Standard Deviations* – As of 06/30/14			Current Asset Allocation Mix	
	3 Year	5 Year	10 Year		
Compound Annual Return	7.7%	7.6%	7.8%	Bonds	70%
Standard Deviation	3.9	3.4	2.9	Equities	30%

BALANCED LONG-TERM GROWTH

	Historical Compound Annual Returns and Standard Deviations* – As of 06/30/14			Current Asset Allocation Mix	
	3 Year	5 Year	10 Year		
Compound Annual Return	9.2%	9.0%	9.0%	Bonds	40%
Standard Deviation	5.9	4.9	3.7	Equities	60%

EQUITIES ONLY

	Historical Compound Annual Returns and Standard Deviations* – As of 06/30/14			Current Asset Allocation Mix	
	3 Year	5 Year	10 Year		
Compound Annual Return	11.2%	10.9%	10.6%	Bonds	0%
Standard Deviation	9.4	7.5	5.2	Equities	100%

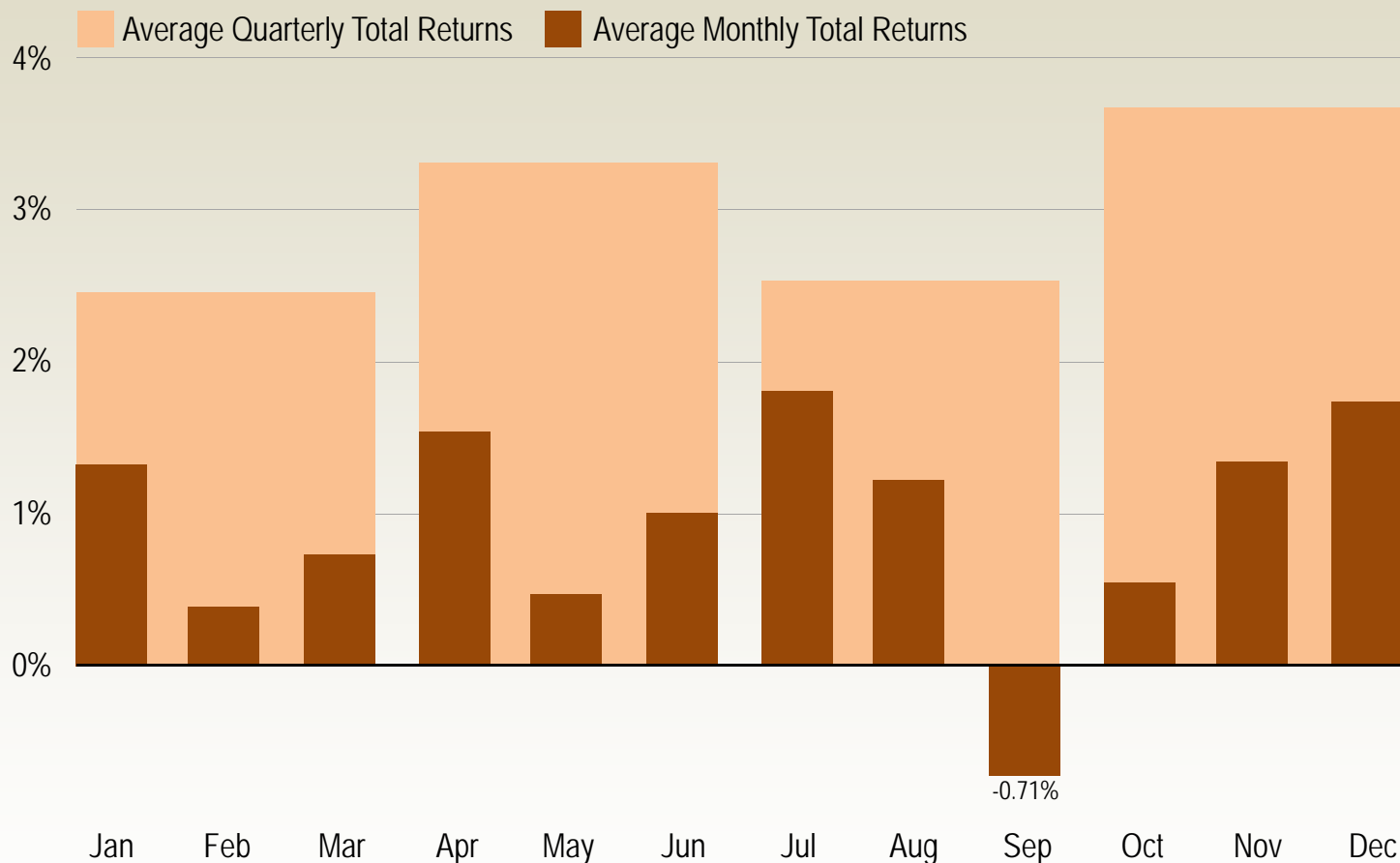
*The returns and standard deviations represent the 3-, 5-, and 10-year rolling average based on monthly historical observations from 1950 through June 30, 2014. For the equity component, the returns are based on the S&P 500 Index historical returns. For the bond component, the returns are based on the 5-year U.S. Treasury Bonds historical returns.

Source: © 2014 Crandall, Pierce & Company • All rights reserved.

This copyright protected illustration is used with permission. Under no circumstances may this illustration be copied, reproduced or redistributed in whole or in part including the data contained herein, without prior written permission from Crandall, Pierce & Company. The information presented herein was compiled from sources believed to be reliable. It is intended for illustrative purposes only, and is furnished without responsibility for completeness or accuracy. Past performance does not guarantee future results. There is a risk of loss.

The Standard & Poor's 500 Stock Index

Average Total Returns – 1926 through June 2014



Source: Standard & Poor's Corporation; © 2014 Crandall, Pierce & Company • All rights reserved.

This copyright protected illustration is used with permission. Under no circumstances may this illustration be copied, reproduced or redistributed in whole or in part including the data contained herein, without prior written permission from Crandall, Pierce & Company. The information presented herein was compiled from sources believed to be reliable. It is intended for illustrative purposes only, and is furnished without responsibility for completeness or accuracy. Past performance does not guarantee future results. There is a risk of loss.

STMM's Non-Profit Experience and Expertise

- Non-profit initiative
 - Over 60 non-profits with more than \$200 million in assets
 - Giveback program and charitable participation
 - Non-profit spotlight
 - Investment policy review expertise
- Excellent communication
 - Two local investment advisors
 - Quarterly client meetings
 - Quarterly Investment Committee webcast
 - Weekly Kee Points newsletter
 - Quarterly Non-profit newsletter
 - Annual special events and Market Updates



SOUTH TEXAS
MONEY MANAGEMENT™
LTD

HELPING INDIVIDUALS, INDIVIDUALLY.®

SAN ANTONIO | AUSTIN | HOUSTON | DALLAS | CORPUS CHRISTI

1.866.805.1385 | STMMLTD.COM

This presentation is for informational purposes only and may not be copied, reproduced or redistributed in whole or in part without the prior written permission of South Texas Money Management, Ltd. This presentation contains no recommendations to buy or sell securities or a solicitation of an offer to buy or sell securities or investment services or adopt any investment position. This presentation is not intended to constitute investment advice. Market and economic views are subject to change without notice and may be untimely when presented here. You are advised not to infer or assume that any securities, sectors or markets described in this presentation were or will be profitable. Securities identified in this presentation do not represent all of the securities purchased, sold or recommended for advisory clients. You should not assume that any securities recommendations made in the future will be profitable. Index information is included merely to show the general trend in the markets for the periods indicated and is not intended to imply that client accounts will be similar to the index either in composition or risk. Due to timing issues, tax considerations or other individual portfolio characteristics, some client portfolios may not hold the securities mentioned in this presentation. All material and information presented is compiled from sources believed to be reliable, but accuracy cannot be guaranteed. Past performance is not indicative of future results. There is always a possibility of loss. Individual securities described herein do not represent all of the securities purchased or sold by STMM. They are intended merely to illustrate certain industries discussed. For a complete list of securities purchased, please contact STMM.