

South Texas Money Management

Introduction

Institutional investors are recognizing the virtues of asset managers undergoing independent verification of their conformity with fiduciary best practices. Such is the experience of South Texas Money Management, Ltd (STMM), a CEFEX Certified firm headquartered in San Antonio, TX, with offices in Houston, Austin and Dallas.

– www.stmmtd.com

STMM was founded in 2000 and as of March 31, 2012 manages approximately \$2 billion in assets, including equity, fixed income, and balanced asset classes, for some 1,300 individual and institutional clients, the latter consisting of trusts, retirement plans, foundations and endowments, as well as bank trust departments. The firm's founder and Chief Executive Officer, Jeanie Wyatt, also serves as Chief Investment Officer. Named among the Top 100 Independent Advisors in Barron's Magazine in 2010 and 2011, she has led STMM to be named on multiple occasions as one of the "Top Guns" for Domestic All-Cap Core Equity Managers by Informa Investment Solutions among peer managers reported in its Plan Sponsor Network database*.



Jeanie Wyatt, CEO & Chief Investment Officer

STMM's Experience

Speaking of the recognition by Barron's, Jeanie said "In these challenging times, we are especially proud to be included in this list of independent advisors. It is a time when disciplined investing and communication is appreciated by our clients. South Texas Money Management takes our commitment to both very seriously." This commitment led Jeanie to determine that demonstrating to clients and prospects that the firm's investment process conformed to industry best practices would benefit STMM and its clients. Accordingly, she turned to the Centre for Fiduciary Excellence (CEFEX) for an independent assessment. In June 2007, this resulted in STMM becoming certified by CEFEX as to its conformity with investment manager fiduciary best practices, which, as Jeanie acknowledges, lie at the core of a prudent investment process. "We always had the practice of internal mock audits and CEFEX was a good match for this philosophy" Jeanie explains, adding that "Best practices are part of the culture of the firm and we were eager to be on the cutting edge of development through a voluntary commitment to hold ourselves to high standards and to demonstrate this to our clients." As Jeanie points out, this is consistent with STMM's mission, which is founded on providing clients with peace of mind by putting their interests first and delivering a disciplined investment process. CEFEX complements STMM's claim of compliance with Global Investment Performance Standards (GIPS) in relation to calculating and presenting its investment performance.

STMM advertises its CEFEX Certification among "Investor Safeguards" on its website, and refers to it in marketing materials and in its presentations to clients and prospects. "Clients and prospects react positively," Jeanie says. "We emphasize our Certification in particular with bank prospects and pension funds. They are intrigued by it. It is certainly a positive for us and assists us with gaining new business."

Teri Grubb, who serves as STMM's Chief Operating Officer, says that the firm responds to a large number of Requests for Proposals from institutional investors and is seeing more questions pertaining to fiduciary issues. "Having our CEFEX Certification certainly helps us to respond to these questions in a highly positive way," she says. Lisa Ivie Miller, AIF® who serves as the Director of Governmental Relations and Education for the firm believes in working with institutions. "The public nature of the institutional process demands this type of fiduciary standard for service providers. Public funds and the trustees who are responsible for these funds should have investment advisors who are just as transparent as the funds are required to be."

In an era where many investors have seen erosion in their wealth and in their trust in those who manage their assets, STMM is proud to be among the first money management firms to have sought CEFEX Certification. "There's a lot of value in having an independent review," Jeanie concludes. "It makes clients feel comfortable when selecting our firm."

CEFEX

CEFEX, Centre For Fiduciary Excellence provides independent verification of an organization's conformity with all Practices and Criteria that constitute a Standard applicable to a particular function involved in the management of other people's financial assets. Whether as trustees or investment committee members of foundations, endowments or retirement plans, or as an Investment Advisor, Asset Manager, Recordkeeper or other service provider, the need to demonstrate one's trustworthiness to one's constituents or clients is becoming increasingly more important.

CEFEX certification helps increase trust. It serves as a tool to publicly demonstrate best practices in fiduciary operations. It is a self-imposed due diligence for the benefit of an investor who has directly or indirectly entrusted financial assets to another. Such due diligence takes the form of an assessment process conducted by a CEFEX Analyst. This Analyst has achieved the Accredited Investment Fiduciary Analyst™ from Fi360, has extensive industry experience and has access to CEFEX experts in related disciplines.

Standardization is essential in achieving global acceptance of the principles of fiduciary excellence and to assuring investors of consistent, unbiased methodologies. CEFEX uses the International Organization for Standardization (ISO) 19011 for performing assessments. This is a methodology employed internationally in other industries for over 30 years.

A successful CEFEX certification process, as confirmed by the CEFEX Registration Committee results in:

- A CEFEX certificate and Letter of Registration being issued:
- Registration on CEFEX's public database at www.cefex.org
- Permitted use of the CEFEX mark in both print on-line form
- Issuance of a Public Certification Report suitable for distribution by the certified firm
- A News Release issued by CEFEX.

The CEFEX registration remains valid for 12 months and is extended through subsequent annual renewal assessments.

*PSN Top Gun Decade Award

The peer group of All-Cap Core Equity Managers was created using information collected through the PSN investment manager questionnaire. The returns used in determining the ranking do not reflect the deduction of investment management fees. In the event net of fee returns had been used, the rankings may have come out differently. The All-Cap Core Equity peer group includes domestic equity investment products for which managers responding to the PSN manager questionnaire selected "core" as the primary equity style and "All-Cap" or "no primary capitalization" as their primary capitalization range. REIT and convertible products are excluded. Mutual fund and commingled fund products are not included in the universe. The peer group of All-Cap Core Equity Managers who reported to the PSN database for consideration in the ten year ranking is comprised of 53 managers and 65 investment products. Investment products must have an R-Squared of 0.80 or greater relative to the style benchmark (S&P 500 Index) for the latest ten year period and also standard deviation (measure of volatility) less than the style benchmark for the latest ten year period. At this point, the top ten performers for the latest 10 year period become the PSN Top Guns of the Decade. "R-Squared" is a statistical measure that represents the percentage of an investment product's movements that can be explained by movements in the style benchmark. PSN database information is intended for use by qualified investment professionals. Please consult with an investment professional before making any investment using content or implied content from the "Top Guns of the Decade" ranking. Past performance is not indicative of future results. There is a possibility of loss. Barron's Top 100 Independent Advisors ranks advisors based on data provided by individual advisors and their firms. Advisor data is confirmed via regulatory databases, cross-checks with securities firms, and conversations with individual advisors. The formula Barron's uses to rank advisory is proprietary. It has three major components: assets managed, revenue produced, and quality of practice. Investment returns are not a component of the rankings because an advisor's returns are dictated largely by the risk tolerance of clients. The scoring system assigns a top score of 100 and rates the rest by comparing them with the winner. The quality-of-practice components includes an evaluation of each advisory's regulatory record.

This Certified Firm Profile is one of a series demonstrating the experience of CEFEX certified firms, a growing community of investment firms and other entities who recognize the value and importance of fiduciary conformity.



CEFEX Centre for Fiduciary Excellence, LLC. is an independent certification organization. CEFEX works closely with industry experts to provide comprehensive assessment programs to promote fiduciary best practices. It certifies investment stewards, advisors, fiduciary advisers (PPA), managers, ASPPA recordkeepers, ASPPA administrators, and support services firms. To learn more about CEFEX, please visit www.cefex.org:

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