

**Black Cypress Capital Management, LLC  
Verification and Long-Only Equity Composite Performance  
Examination Report**

**December 31, 2018**



## Verification and Performance Examination Report

Mr. Alan Hartley  
Black Cypress Capital Management, LLC

We have verified whether Black Cypress Capital Management, LLC (the "Firm") (1) has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods from January 1, 2017 through December 31, 2018, and (2) designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2018. We have also conducted a performance examination of the Firm's Long-Only Equity Composite for the periods from January 1, 2017 through December 31, 2018. The Firm's management is responsible for compliance with the GIPS standards, the design of its policies and procedures, and for the Quarterly Performance and Long-Only Equity Composite's compliant presentations. Our responsibility is to express an opinion based on our verification and performance examination. We conducted this verification and performance examination in accordance with the required verification and performance examination procedures of the GIPS standards. We also conducted such other procedures as we considered necessary in the circumstances.

In our opinion, the Firm has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from January 1, 2017 through December 31, 2018; and
- Designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2018.

A verification covering the periods from October 21, 2009 through December 31, 2016 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

Also, in our opinion, the Firm has, in all material respects:

- Constructed the Long-Only Equity Composite and calculated the Long-Only Equity Composite's performance for the periods from January 1, 2017 through December 31, 2018 in compliance with the GIPS standards; and
- Prepared and presented the Long-Only Equity Composite's accompanying compliant presentation for the periods from January 1, 2017 through December 31, 2018 in compliance with the GIPS standards.



A performance examination of the Firm's Long-Only Equity Composite covering the periods from March 31, 2011 through December 31, 2016 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

We have not been engaged to examine, and did not examine, the Supplemental Information included in the accompanying performance presentation and, accordingly, we express no opinion on the Supplemental Information.

This report does not relate to or provide assurance on any composite compliant presentation of the Firm other than the Firm's Long-Only Equity Composite.

*ACA Performance Services, LLC*

ACA Performance Services, LLC

March 26, 2019

**BLACK CYPRESS CAPITAL MANAGEMENT, LLC**  
**LONG-ONLY EQUITY COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION**

*Asset-Weighted Performance Gross and Net of Management Fees*  
*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2018	Gross	(5.87%)	2.66%	7.03%	(15.53%)	(12.64%)
	Net	(6.11%)	2.40%	6.76%	(15.74%)	(13.52%)
2017	Gross	4.42%	(1.54%)	5.27%	6.18%	14.92%
	Net	4.16%	(1.78%)	5.01%	5.92%	13.78%
2016	Gross	4.07%	2.47%	5.36%	11.89%	25.72%
	Net	3.81%	2.21%	5.10%	11.62%	24.48%
2015	Gross	(0.31%)	(0.37%)	(9.38%)	5.09%	(5.42%)
	Net	(0.56%)	(0.62%)	(9.61%)	4.83%	(6.36%)
2014	Gross	2.78%	4.03%	0.94%	5.49%	13.84%
	Net	2.52%	3.77%	0.69%	5.22%	12.71%
2013	Gross	11.22%	2.96%	2.68%	10.82%	30.31%
	Net	10.95%	2.70%	2.43%	10.55%	29.02%
2012	Gross	9.99%	0.49%	5.64%	1.06%	18.00%
	Net	9.72%	0.24%	5.37%	0.81%	16.83%
2011	Gross		0.64%	(8.93%)	10.71%	1.47%*
	Net		0.39%	(9.16%)	10.44%	0.71%*

**\* Represents non-annualized partial period performance beginning on March 31, 2011.**

Past performance is not indicative of future results. The Verification and Performance Examination Report and the compliant presentation are an integral part of this presentation. The periods shown prior to January 1, 2017 were examined by another verification firm.

# Black Cypress Capital Management, LLC

## Long-Only Equity Composite

### ANNUAL DISCLOSURE PRESENTATION

Year End	Total Assets <sup>2</sup>	Total GIPS Firm Assets	GIPS Composite Assets	Number of Accounts	Annual Composite Performance		Russell 1000 Value Index		Composite Dispersion	Composite 3-Year St Dev	S&P 500	Russell
	(USD) (000s)	(USD) (000s)	(USD) (000s)		Gross	Net	Returns	Returns			Index 3-Year St Dev	1000 Value Index 3-Year St Dev
2018	101,075	49,419	13,861	9	-12.64%	-13.52%	-4.38%	-8.26%	0.10%	12.95%	10.80%	10.82%
2017	95,853	33,906	3,811	10	14.92%	13.78%	21.83%	13.65%	0.19%	11.51%	9.93%	10.20%
2016	81,520	27,375	13,308	13	25.72%	24.48%	11.96%	17.31%	0.72%	11.80%	10.59%	10.77%
2015	58,763	14,671	2,907	10	-5.42%	-6.37%	1.41%	-3.84%	0.60%	10.49%	10.48%	10.68%
2014	62,024	13,631	3,349	7	13.84%	12.71%	13.68%	13.46%	N.A. <sup>3</sup>	8.50%	8.98%	9.20%
2013	52,534	9,336	702	<5	30.31%	29.02%	32.41%	32.54%	N.A. <sup>3</sup>	N.A. <sup>4</sup>	N.A. <sup>4</sup>	N.A. <sup>4</sup>
2012	41,656	6,951	341	<5	18.00%	16.83%	15.98%	17.50%	N.A. <sup>3</sup>	N.A. <sup>4</sup>	N.A. <sup>4</sup>	N.A. <sup>4</sup>
2011 <sup>1</sup>	37,532	5,903	221	<5	1.47%	0.71%	-3.59%	-5.70%	N.A. <sup>3</sup>	N.A. <sup>4</sup>	N.A. <sup>4</sup>	N.A. <sup>4</sup>

<sup>1</sup> Composite and benchmark performance are for the period 03/31/2011 through 12/31/2011.

<sup>2</sup> Assets consist of both GIPS and SEC advisory-only assets. These assets represented are supplemental to the overall disclosure presentation. Further information is available upon request.

<sup>3</sup> Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

<sup>4</sup> The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The three-year annualized standard deviation is not presented for 2011 through 2013 due to less than 36 months of composite and benchmark data.

**The Long-Only Equity Composite** includes all fee-paying, discretionary portfolios that invest in Black Cypress' value-oriented, research-driven "long-only" strategy. The strategy invests primarily in \$1+ billion in market capitalization or the smallest Russell 1000 Value constituent (by market cap), whichever is lower. The strategy will also invest in "busted" large capitalization stocks, if the manager deems the decline in capitalization to be temporary. Cash balances can reach as high as 20% of assets. Appropriate benchmarks include the S&P 500 and the Russell 1000 Value. The Long-Only Equity Composite was created March 31, 2011.

Black Cypress is a state-registered investment advisor (RIA). The firm began managing assets June 30, 2009. Prior to April 2011, the firm managed assets on an advisory-only, non-discretionary, or non-fee-paying basis only. The firm's list of composite descriptions is available upon request.

Black Cypress Capital Management ("Black Cypress") claims compliance with the Global Investment Performance Standards (GIPS<sup>®</sup>) and has prepared and presented this report in compliance with the GIPS standards. Black Cypress has been independently verified for the periods 10/21/2009 – 12/31/2018.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Long-Only Equity Composite has been examined for the periods 03/31/2011 through 12/31/2018. The verification and performance examination reports are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. From March 31, 2011, through August 31, 2016, the Composite used temporary new accounts to remove the effects of a significant cash flow, defined as 30% or larger of the portfolio's beginning-of-period balance. From September 1, 2016, to current, accounts incurring a client-initiated significant cash inflow or outflow of greater than 30% of beginning-of-month portfolio assets are temporarily removed from the composite. Additional information regarding the treatment of significant cash flows is available upon request. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net-of-fee performance was calculated using the highest investment management fee of 1.0%. Actual investment advisory fees incurred by clients may vary. Black Cypress uses Microsoft Excel to calculate the asset-weighted standard deviation of annual gross returns for composites

that have 6 or more portfolios with a full year of performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.