

There has been some confusion about a local firm with a similar name. Austin Asset Management Company has never directly or indirectly invested funds with Bernard Madoff.

Many of you may have recently heard of Bernard Madoff and Bernard L. Madoff Investments Securities LLC. This firm had supposedly been a well respected firm around Wall Street for several decades. The firm had been achieving outsized investment returns each year for a number of years and had acquired notable clients from the entertainment, sports, and business world. This list also included a number of charities and government entities. It was recently discovered that Bernard L. Madoff Investments Securities LLC had been operating a giant Ponzi scheme where investments from newer clients were used to pay investment returns to older, existing clients. This was not a viable investment strategy but simply fraud. The firm's malfeasance was discovered only after \$50 billion of client assets had been lost. This loss of client assets is by far the largest fraud ever committed by an investment company.

This revelation raises the question "How does the Austin Asset Management Company model differ from the Madoff model?"

1. Austin Asset Management Company never takes custody of client funds. We use reputable, well capitalized and insured custodians such as Schwab and Fidelity to hold your assets.
2. Funds deposited to or withdrawn from client accounts are transacted by the custodian upon receiving instructions from the client.
3. The assets and transactions in your account are disclosed monthly by the individual custodian and quarterly by a statement from Austin Asset Management Company which ensures transparency.
4. Although Austin Asset Management Company directs investment positions in your accounts, we do not have any interest in or control of any of these investment sources.

Bernard L. Madoff Investments Securities LLC perpetrated criminal acts against its clients and has left all investors with less faith in the investment industry. We take great pride in our integrity and transparency in all of our actions with our clients. This is yet another example to all of us that if it seems too good to be true, it probably is.

We appreciate your business and our relationships and welcome your questions and inquiries you may have on this or any other matter.

Sincerely,

AAMC Investment Policy Committee