

# Chilton Capital Management

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Chilton Capital Management LLC (CCM) is an independent Registered Investment Advisor (RIA) based in Houston, Texas, providing investment management and trust administration services for institutions, retirement plans, foundations, family offices, and individuals.

TOTAL CCM ASSETS  
**\$845,000,000**

TOTAL PRODUCT ASSETS  
**\$255,000,000**

INVESTMENT STYLE  
**Large-Cap Growth**

PRIMARY BENCHMARK  
**Russell 1000 Growth**

## Growth Equity Strategy

### Investment Philosophy and Process

Chilton's Growth Equity strategy seeks to provide our clients with consistent superior risk-adjusted returns over a full market cycle.

Our bottom-up investment process is based on fundamental research. We conduct a thorough analysis on all companies evaluated for investment. We seek companies that meet quantitative as well as qualitative factors such as 1) growing revenues and earnings, 2) unique competitive advantages, 3) pricing power and 4) proven management. To have a complete and thorough analysis one must also consider the environment in which a company is operating. Long term economic, social, scientific, technological and geopolitical trends offer compelling investment opportunities. Changes in these factors signal inflection points and provide clues to significant shifts in industry dynamics. Our philosophy is forward-looking; while we evaluate companies and industries for what they have done in the past, we are more interested in their future potential. We favor companies that are growing revenues and earnings at a faster rate than the overall market and are priced at reasonable valuations.

TEN LARGEST HOLDINGS <sup>1</sup>	% OF PORTFOLIO
Apple Computer	4.2
Qualcomm	4.0
Aetna	3.4
Halliburton	3.2
Proctor & Gamble	3.2
Dow Chemical	3.1
American Tower Corp.	2.9
Schlumberger	2.9
Life Technologies	2.8
Tractor Supply	2.8

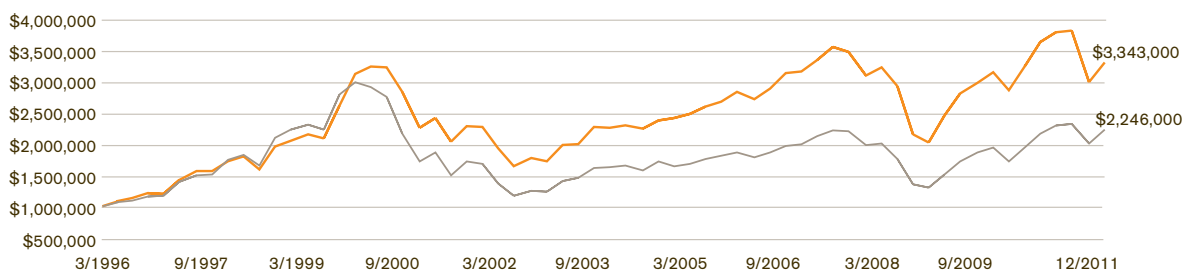
PORTFOLIO CHARACTERISTICS <sup>1</sup>	CCM GROWTH
Average Number of Holdings	40-50
Weighted Average Market Cap.	\$67 bil
Median Market Cap.	\$20 bil
Dividend Yield	1.10%
10 Largest Holdings as % of Total	32.5%
Average 5 Year Turnover*	49.7%
Average 10 Year Turnover*	38.0%
Projected 3-5 Year Earnings Growth	11.6%
Current Year Est. P/E	17.6X
P/E to LTG Rate	1.4X

\* AS OF 12/31/11

SECTOR WEIGHTINGS <sup>1</sup>	CCM GROWTH
Consumer Discretionary	7.5%
Consumer Staples	12.4%
Energy	10.0%
Financials	6.8%
Health Care	16.4%
Industrials	7.0%
Information Technology	18.9%
Materials	8.7%
Telecommunication Services	0.0%
Utilities	0.0%
Cash	12.2%

### GROWTH OF \$ 1,000,000

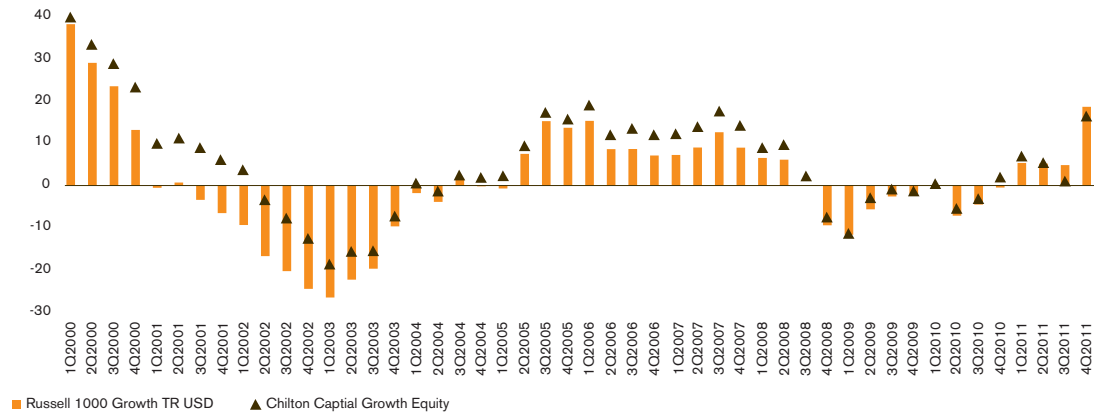
CCM Growth Equity vs. Russell 1000 Growth  
Gross Performance March 31, 1996-December 31, 2011



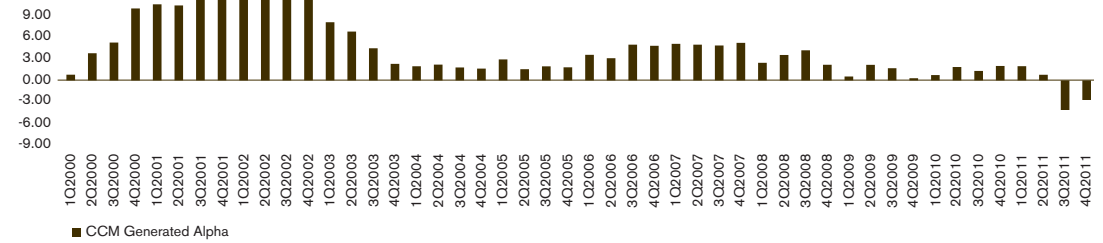
	9/11-12/11	12/10-12/11	12/09-12/11	12/08-12/11	12/06-12/11	12/01-12/11	3/96-12/11
CCM Growth Equity	1,106,000	912,000	1,111,000	1,540,000	1,058,000	1,451,000	3,343,000
Russell 1000 Growth	1,106,000	1,026,000	1,198,000	1,644,000	1,131,000	1,292,000	2,246,000

<sup>1</sup>Information presented as Supplemental Information to the fully compliant GIPS presentation of composite performance returns as listed at the end of this presentation book.

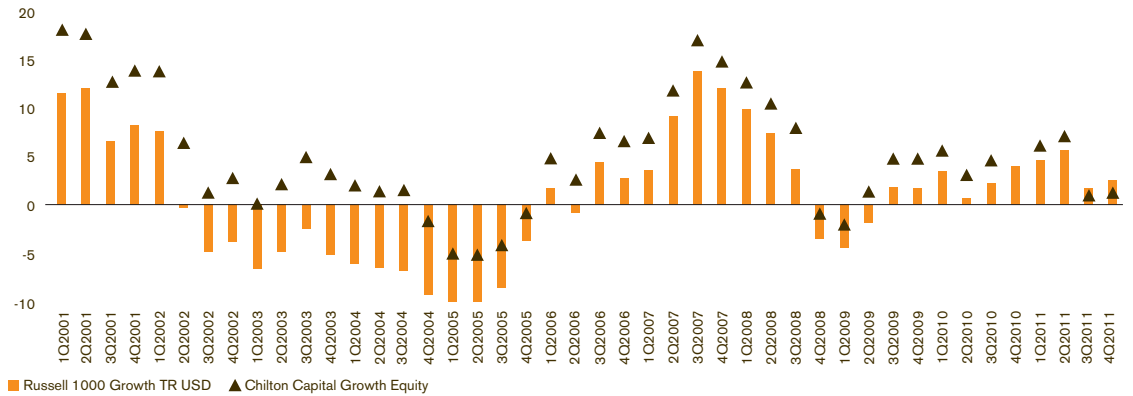
### THREE YEAR ROLLING RETURNS



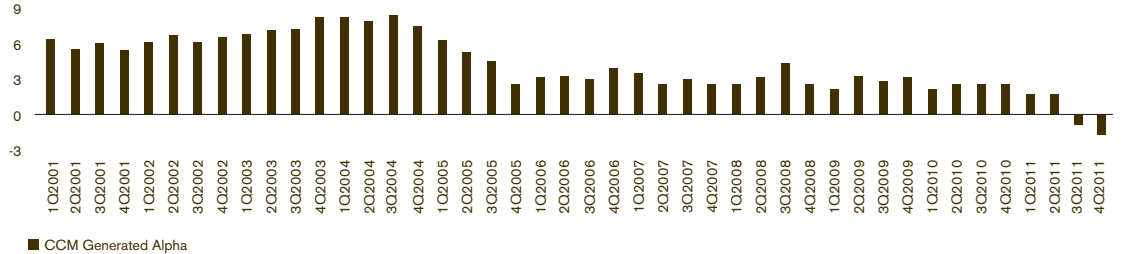
### Added Alpha



### FIVE YEAR ROLLING RETURNS



### Added Alpha



US Dollar is the currency used to express performance. A full list and description of composites is available upon request. Past performance is not a guarantee of future results. Performance presented gross of fees. Information presented as Supplemental Information to the fully compliant GIPS® presentation of composite performance returns as listed at the end of this presentation book.



## CASE FOR GROWTH | 2012

**I**t is always our objective to buy companies that we believe will grow revenues and earnings faster than the market. Ideally we participate for years in the growth phase of a business by buying when the future growth is not yet broadly evident. Our research process is designed to recognize early signs of change and to therefore anticipate prospective growth.

Our investment focus is on industries and companies we believe will thrive in the foreseeable deleveraging environment, one that is faced by many countries around the world. The current housing bust has strapped consumers; this also has economic impact on state governments, banks, and retailers. Additionally we see growth opportunities in companies having a unique position to help solve problems in important industries as energy, agriculture and health care. As you can see our analysis of a company includes not only a thorough understanding of a company's fundamentals, but must include an examination of the environment in which it is operating. In this manner a long term stock thesis can be constructed and only then, be evaluated as a potential investment. Finding a great company by itself does not equate to finding a great investment.

When we see significant changes in the economic, regulatory, scientific, political, and social arenas,

we re-examine our expectations for many industry groups, investigate alternative ideas, and formulate a new set of expectations. While we are unlikely to get the details exactly correct, we have a reasonable track record for identifying the direction of change, and on acting on shifts in industry dynamics.

didates in favored industries. The same process is used to evaluate current holdings and to determine if some industries are becoming disadvantaged or if valuations are rich relative to the opportunity. If so, it is time to sell.

### *Our research process is designed to recognize early signs of change...*

For industries that we believe offer compelling revenue prospects, we drill down to see how change might affect specific company top and bottom lines. We look for companies that have noteworthy competitive advantages such as patents, high value brands, or innovative products. These advantages generally result in companies having pricing power, one key to growing their earnings. We also evaluate the quality of earnings, management integrity and accounting practices. If these factors do not give us confidence in a company or its management, we look elsewhere. And of course we also calculate projected earnings and cash flows, compare valuations, and evaluate competitors. The result is a list of buy can-

Our research process is iterative. An industry review may unveil new companies or competitors; a company review may reveal new products; new competitors can morph into new industries. Consider the Internet: an entirely new industry that in the early 1990s was dependent on dial-up access through phone lines. New technologies created 'always on' broadband which begat new companies, like on-line search advertising, social networking, and video on demand, that are challenging the competitive structure of old industries: newspaper ads, high school yearbooks and DVD store rentals.

## GROWTH COMPOSITE

Year End	Total Firm Assets (millions)	Composite Assets			Annual Performance Results				3 Yr Rolling Standard Deviation	
		U.S. \$ (millions)	% of Firm Assets	Number of Accounts	Composite Gross	Composite Net	Russell 1000 Growth	Composite Dispersion	CCM Growth Equity Strategy	Russell 1000 Growth Index
2011	845	242	29%	173	-8.84%	-9.71%	2.64%	0.98%	19.90%	17.76%
2010	813	211	26%	147	21.87%	20.78%	16.71%	0.93%	23.68%	22.11%
2009	762	123	16%	104	38.53%	37.18%	37.21%	3.66%	22.08%	19.73%
2008	613	93	15%	103	-38.22%	-38.87%	-38.44%	1.69%	18.61%	16.40%
2007	781	127	16%	88	11.31%	10.19%	11.81%	1.56%	9.36%	8.54%
2006	350	97	28%	63	16.73%	15.60%	9.10%	1.19%	7.58%	8.31%
2005	304	76	25%	50	12.78%	11.66%	5.27%	0.50%	9.70%	9.53%
2004	256	43	17%	27	4.97%	3.95%	6.30%	0.68%	15.28%	15.45%
2003	215	42	20%	29	28.27%	26.98%	29.76%	1.31%	19.82%	22.66%
2002	165	15	9%	19	-22.66%	-23.43%	-27.89%	2.30%	21.85%	25.22%
2001	155	25	16%	31	-19.46%	-20.24%	-20.42%	4.30%	21.45%	25.21%
2000	172	37	22%	32	8.33%	7.30%	-22.42%	1.60%	20.39%	22.79%
1999	137	17	12%	17	34.37%	33.12%	33.17%	14.43%	17.77%	19.00%

## 2011 GROSS AND NET QUARTERLY PERFORMANCE FOR COMPOSITE

	1Q 2011		2Q 2011		3Q 2011		4Q 2011	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Growth Composite	4.37%	4.12%	0.65%	0.40%	-21.50	-21.69	10.54%	10.29%

Chilton Capital Management, defined for GIPS purposes, encompasses three entities, two of which are Chilton Capital Management LLC and Chilton Capital Management Advisors, Inc. who are registered investment advisors. Chilton Capital Management Trust Company is also included in this definition (collectively "Chilton Capital Management"). Prior to March 31, 2007 the firm was defined as Chilton Capital Management LLC. The firm maintains a complete list and description of composites, which is available upon request. The CCM Growth Composite was created April 1, 1996 and contains fully discretionary taxable and tax-exempt growth equity portfolios having a strategy that seeks long term capital appreciation and benchmarked against the Russell 1000 Growth Index for comparison purposes. The primary objective of the strategy is to outperform the Russell 1000 Growth Index. In materials shown prior to January 1, 2005 the composite was measured against the S&P 500 Index, which was changed retroactively to better reflect the composite strategy. Prior to March 1, 2003, this composite contained only taxable growth equity accounts. The minimum account size for the composite is \$250 thousand. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. As of December 31, 2011, the Growth Composite contains approximately 80% of the accounts managed in that strategy excluding the balanced portfolio segments. 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. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the accounts. Our standard fee schedule starts at 100 basis points. Net of fee performance is calculated using the highest management fee of 100 basis points with fees being assessed quarterly. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. CCM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. CCM has been independently verified for the periods April 1, 1996 through September 30, 2011. A copy of the verification report(s) is/are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation.

We share a passion for  
**innovation** with an avid  
 commitment to **traditional**  
 methods of security  
 analysis, research, and shared  
 experiential knowledge.