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Commerce Street Investment Conference Highlights Strategies of Chief Investment Officers and Money Managers

Keynoter The Carlyle Group Co-Founder & Co-Chief Executive Officer David Rubenstein cites promising U.S. sectors amid modest growth; Panelists note investment opportunities in energy and community banks.

DALLAS, Nov. 4, 2013 – Despite the slothful recovery in the broader economy, numerous opportunities exist for investment managers who know where to look. That was the message that speakers delivered at the inaugural Commerce Street Investment Conference in Dallas on Thursday, Oct. 31 at Southern Methodist University. The event attracted more than 100 investment officers and managers, advisors and investors.

None of the speakers at the all-day event disputed that the economy has been slow to recover from the blow it absorbed in the 2008-09 housing and credit bust.

“The economy is sick. It’s been sick a long time and it isn’t getting better,” said Robert McTeer in opening remarks. McTeer is former President of the Federal Reserve Bank of Dallas and Senior Economic Advisor to [Commerce Street Investment Management](#).

McTeer also noted that higher taxes and sequestration spending cuts coming from Washington haven’t helped.

“The change in ideology – with less emphasis on growing, and more emphasis on redistributing the pie – has hampered the recovery,” McTeer added. “The economy is too weak and fragile to be subject to bad policy shocks.”

Keynoter for the conference David Rubenstein, Co-Founder and Co-CEO of [The Carlyle Group](#), observed, “There will be no real change in congressional gridlock until after the next presidential election, but business is moving ahead and has decided not to wait on government.”

“In the next few years, U.S. economic growth will hover at about two percent despite four good signs,” Rubenstein continued.

As promising prospects in the U.S. economy, Rubenstein pointed to the energy revolution in domestic production; the increase in home building and home prices; surging technology development in companies such as Google and Amazon; and continuing changes and opportunities in health care.

Several notable Chief Investment Officers (CIOs) shared their allocation strategies as well as sectors they favor for achieving targeted returns, despite the sluggish economy and government dysfunction.

Bruce Zimmerman, CEO and CIO of [The University of Texas Investment Management Company](#) (UTIMCO), a \$29.5 billion endowment manager, explained that UTIMCO follows a long term, value investing strategy and currently favors real estate debt, the value-added side of natural resources and certain equity opportunities, but not public infrastructure.

James Hille, CIO of Texas Christian University (TCU) and former CIO of Teacher Retirement System of Texas, a \$100 billion public pension fund, has led TCU to largely divest fixed income, become more conservative in the U.S. equities, and hold more cash than usual. TCU also includes oil and gas royalties as a significant and strategic component on its balance sheet.

Other investment managers shared the opportunities they saw ahead in their specialized sectors.

As part of a hedge fund panel, Paul Hatfield, CIO and Head of Americas for Alcentra, provided reasons for his firm's specialty in high yield corporate debt.

Meredith Whitney, a former bank analyst known for identifying the mortgage and credit crisis early, announced she was launching a new hedge fund firm on Nov. 1, Kenbelle Capital.

As part of a banking panel, Kneeland Youngblood, Co-Founder and Managing Partner of Pharos Capital Group, LLC, discussed how SBICs help banks invest in growing entrepreneurs while also earning CRA credit. Carla Brooks, Managing Director of Commerce Street Investment Management, offered an overview of community banks, explaining how her firm partners with such banks to achieve their business objectives.

The day's most buoyant remarks came from the energy panel.

"The natural resource revolution in the U.S. has created an industry of staggering size with a voracious appetite for capital," noted Kenneth Hersh, Co-Founder and CEO of NGP Energy Capital Management.

Another energy panelist, Dheeraj Verma, Managing Director of Quantum Energy Partners observed, "The MLP phenomenon has grown tremendously while outperforming most everything under the sun."

Dory Wiley, President and CEO of Commerce Street Holdings said, “Through creating and sponsoring this conference, we hoped to focus attention on the ground breaking work being done in alternatives and the heavy concentration of money managers in the Dallas/Fort Worth area. Considering the high quality of our speakers and level of expertise shared throughout the conference, this inaugural conference has exceeded our expectations.”

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About Commerce Street Investment Management

Commerce Street Investment Management is an SEC-registered investment advisor headquartered at 1445 Ross Avenue, Suite 2700, Dallas, TX 75202. The firm provides asset management services for private equity and credit opportunity funds which invest in bank and financial institution-related transactions.

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