

SB Wealth Strategies

Investment solutions for
cemetery and funeral trusts



SB Wealth Strategies



**Wealth
Management**

SB Wealth Strategies

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Your challenges, our solutions



As a trustee of a cemetery or funeral home, you are tasked with balancing the urgent needs of today with the uncertain demands of tomorrow. You must contend with complex financial and operational challenges that, if managed improperly, can have devastating effects on your organization's financial future. But it's not just your organization that is at risk — *trustees* now face increased regulatory scrutiny, a dramatic rise in fiduciary responsibility, and the potential for personal liability.

Given these challenges, trustees can benefit from unbiased, trusted financial advice from professionals with experience in the highly-specialized death care industry.

SB Wealth Strategies (SBWS) has been providing independent investment consulting services to the death care industry for the past two decades. Pat Severo, SBWS's principal founder, has been a financial advisor for more than thirty years and is actively involved in the Cemetery and Mortuary Association of California (CMAC) and the International Cemetery, Cremation and Funeral Association (ICCF). We understand the operational and regulatory complexities of this industry and we address important issues today to work toward a successful tomorrow. Through this unique combination of industry knowledge and investment experience, we can help your organization construct, implement, and monitor an investment strategy that meets your current and future objectives.

Preserving the past, securing the future

Organizations served include:

- Non-profit
- Private and commercial for-profit
- Religious
- Municipal or town-owned

Areas of focus include:

- Endowment/perpetual care trusts
- Pre-need cemetery merchandise and service trusts
- Pre-need funeral trusts
- Working capital/operational cash flow

SBWS fulfills the role of strategic partner and trusted advisor to the death care industry by dedicating ourselves to our clients' financial success. We draw upon our industry experience to provide relevant insights tailored to your unique requirements. We then work with you to translate those ideas into practical solutions that help advance your mission and achieve your goals.

Endowment care/perpetual care

We recognize the inherent challenges that cemeteries face in balancing the short- and long-term objectives of an endowment care trust. At SBWS, our clients benefit from our ability to structure portfolios in a way that enables cash flow to fulfill operational needs while simultaneously satisfying regulatory concerns and strategic growth initiatives.

Pre-need trusts

Pre-need trust fiduciaries are under tremendous pressure to meet the demands of guaranteed contracts following years of depressed interest rates. By providing prudently progressive and straightforward

investment advice, SBWS helps these clients fulfill their contracts and satisfy their stewardship responsibilities.

Strategic advice to:

- Assess endowment care adequacy
- Maximize income from endowed or pre-need trust assets
- Invest pre-need trusts during low interest rate environments
- Restore under-funded or neglected endowment trusts
- Navigate regulatory changes and restrictive state mandates
- Satisfy stewardship responsibilities
- Mitigate fiduciary risk



In memory
of

Our process



We view ourselves as an extension of your team; actively collaborating with owners, trustees, boards and committee members to create a strategic framework for your organization's investment assets. Our four-step process (Organize, Formalize, Implement, Monitor) is designed to provide discipline, remove emotion, document decisions, facilitate fiduciary obligation and meet financial objectives.

1. **Organize:** We begin with a detailed interview to learn more about your operations and finances. This allows us to thoroughly understand your unique situation before recommending an appropriate investment solution.
2. **Formalize:** We work with your committee to create an investment policy statement (IPS), which clearly defines how the portfolio will be managed and the key metrics of success. It also defines the roles, responsibilities and relationships of those involved with the investment process.
3. **Implement:** The investment strategy is enacted in compliance with the IPS. We ensure the chosen investment vehicles are appropriate for the portfolio size and we follow a formal due diligence process in selecting investment managers.
4. **Monitor:** On a quarterly basis, portfolio performance is benchmarked to appropriate indexes, peer groups, and IPS objectives. We also monitor our investment managers to ensure they are meeting their objectives through regular communication. Our quarterly reviews are conducted in-person to ensure the most direct communication with the investment committee and other stakeholders.

Our commitment to client service

We are committed to providing a highly sophisticated, customized level of service that leverages the global resources of RBC Wealth Management. Service is deeply ingrained in our team's culture and we maintain an unwavering commitment to our clients based on our values of honesty, transparency, and integrity. We live these values daily and are proud of that in more than 100 years combined experience, the members of our team have not received any client complaints.

Investment process

The portfolio construction process integrates manager selection, asset allocation and risk management to deliver customized, multi-manager portfolios. Our process is designed to improve returns, reduce volatility, lower expenses, and protect our fiduciary clients from unnecessary risk. By following a prudent and disciplined investment approach, trustees can feel confident that their assets are being managed in the organization's best interest.

Investment managers

As an independent manager of managers, we engage in a rigorous research and due diligence process to identify managers that meet three simple criteria:

1. The firm must be at least 50% owned by principals and employees
2. Outperformance in recent market downturns relative to benchmark indexes
3. Employee turnover ratio must be very low, with high tenure amongst principals

Our services

We deliver a wide array of investment advisory and trust services to complement your investment strategies. As our client, all of the following services are included in our fee-based relationship.

- Investment Policy Statement review and development
- Asset allocation analysis
- Portfolio construction
- Investment/manager selection and monitoring
- Benchmarking and fee analysis
- Ongoing performance monitoring
- Customized reporting (monthly, quarterly, annually)
- Custodial services
- Professional trustee services through a variety of independent, multi-jurisdictional trust companies



Our team



Our seven investment professionals are dedicated to meeting the unique needs of the death care industry. Led by principal founder Pat Severo, SBWS is guided by a shared set of values that define our culture, character and integrity.

These values have helped SBWS gain recognition as one of the premier wealth management teams in the industry from publications such as *Barron's*, *The Financial Times*, *Los Angeles Business Journal* and *On Wall Street* magazine. SBWS consistently ranks among the top teams within RBC Wealth Management's nationwide advisor network, in terms of assets under management.

Pat Severo has been a financial advisor for over thirty years and has serviced the death care industry for the past two decades. He is actively involved in the Cemetery and Mortuary Association of California (CMAC) and the International Cemetery, Cremation

and Funeral Association (ICCFA). Pat is a frequent guest speaker at regional and national conferences, and often focuses on topics of fiduciary best practices and investing endowed assets.

Pat obtained his CIMA (Certified Investment Consultant) from the Wharton Business School, AIF (Accredited Investment Management Fiduciary) from the Center for Fiduciary Studies, and the internal AWM (Accredited Wealth Manager) designation. In addition to enhancing his knowledge of endowments, these accreditations require that Pat adheres to the strictest ethical guidelines.

Among the world's best



About RBC

- One of the 15 largest global banks by market capitalization¹
- One of the 5 largest banks in North American by market capitalization²
- Named "Best Private Bank in Canada" for the fourth consecutive year in the Global Private Banking Awards 2015
- Global strength in wealth management and capital markets

Stable, safe and sustainable

- Consistently high credit ratings — Moody's Aa3, Standard & Poor's AA- and Fitch Ratings AA
- Consistently strong and stable with a high-quality balance sheet, proactive risk management and a strong liquidity position
- Named to the Global 100: Most Sustainable Corporations in the World in 2013 for the ninth consecutive year³

About RBC Wealth Management

- Fifth largest global wealth manager by assets⁴
- RBC Wealth Management was recognized for best "Institutional Trust or Fiduciary Company", "Private Bank — Wealth Structuring Offering" and "PR Program"⁵, as well as top "Global Custodian" and "Canadian Private Bank" by the Family Wealth Report Awards 2015
- Recognized as "Outstanding Wealth Manager — Customer Relationship Service and Engagement" and "Outstanding Wealth Planning and Trust Provider" in the 2014 Private Banker International Global Wealth Awards
- Top 50 global asset manager and second fastest growing asset manager, having more than doubled AUM from 2008 to 2013⁶

1 as of February 26, 2016

2 as of February 26, 2016

3 Corporate Knights, World Economic Forum

4 Scorpio Partnership Global Private Banking KPI Benchmark 2015. This measurement includes all global RBC Wealth Management affiliates including the U.S. division

5 World Wealth Report

6 Pensions & Investments and Towers Watson 2014 Global Asset Manager Ranking Report

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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RBC Wealth Management does not provide tax or legal advice. We will work with your independent tax/legal advisor to help create a plan tailored to your specific needs.

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