



# Independent Stock Idea

June 4, 2014

## **Permian Basin RT (PBT), Cross Timbers RT (CRT) Vote Your Proxy**

### **Summary and Recommendation**

Every vote is needed for **Permian Basin Royalty Trust (PBT)** and **Cross Timbers Royalty Trust (CRT)** to reach a 50% quorum at the special meeting rescheduled for June 20 to decide the Appointment of Successor Trustee. The successor trustee was approved by a quorum of units at meetings on May 22 for **Sabine Royalty Trust (SBR)**, and **Hugoton Royalty Trust (HGT)**. An additional provision regarding potential asset sales by the trustee was not approved for SBR and HGT. The same provision may also be rejected at PBT and CRT after a quorum is secured. We voted our proxies covering our personal investment in each of the trusts FOR approval of the successor trustee and AGAINST the proposal for amendments regarding asset sales. We like each of the trusts as components of our Royalty Trust Fund (RTF) that we encourage investors to create for themselves and/or their clients.

We expect that Mr. Ron Hooper and his team will continue as the persons who serve as trustees should Southwest Bank succeed Bank of America as institutional trustee. We believe the individuals have served professionally in exercising their fiduciary responsibility. In particular, the favorable outcome of arbitration to protect the interests of unit holders and a sharp advance in stock price of HGT attests to effective performance by the trustee.

Bank of America's transfer of its trusteeship to Southwest Bank is conditioned on unit holder approval at all four of the trusts above and a few more. Should all approvals not be obtained, the condition could be waived, but there is no guarantee of the waiver being granted. Failure to vote is equivalent to a vote against the change in trustee. From our research perspective, we recommend that all unitholders who have not already done so vote regardless of their choice on the trustee issue.

Kurt H. Wulff, CFA



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