HOLT CAPITAL
PARTNERS, L.P.

FOURTH QUARTER FINANCIAL MARKET COMMENTARY

"NINETY DAYS IN NINETY SECONDS"

DECEMBER 31, 2012

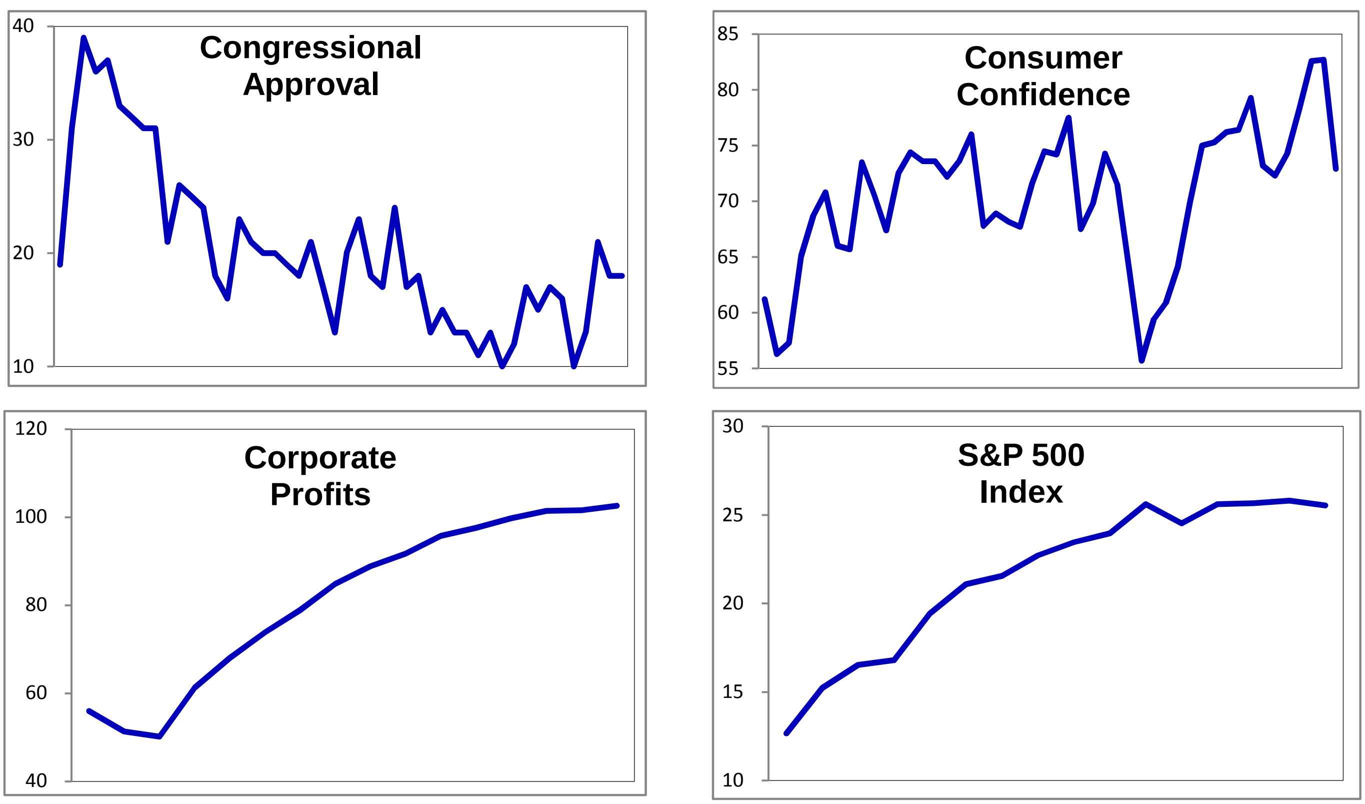
BULL MARKETS AND BEAR MARKETS

- This past year was a continuation of the bull market in common stocks that began in 2009, but the media continues to report most financial news with a negative bias. Too much attention is being paid to negative macro economic and political issues. There are clearly reasons to be negative, but the ongoing bear market is in Washington, not on Wall Street.

- Investor confidence has a significant impact on the valuation that investors are willing to assign to corporate profits and therefore, stock prices. Politicians can also be evaluated by a version of investor confidence, but in their case, it is most easily quantified using the index of Congressional Approval Ratings. Since March, 2009 the approval rating of Congress has fallen from 39% to 18%. This drop of over 50% in less than four years clearly constitutes a "bear market".

- Despite this national crisis of confidence in our elected officials, bull markets have emerged in consumer confidence, corporate profits and stock prices. The key takeaway from this dichotomy is that businesses and consumers can successfully adjust to changing environments and political headwinds. This is why shareholders in well-managed companies have been rewarded with strong price appreciation over the past four years. The constant media focus on public displays of political ineptitude in Washington obscures the successful execution of corporate strategy by management teams throughout the country.

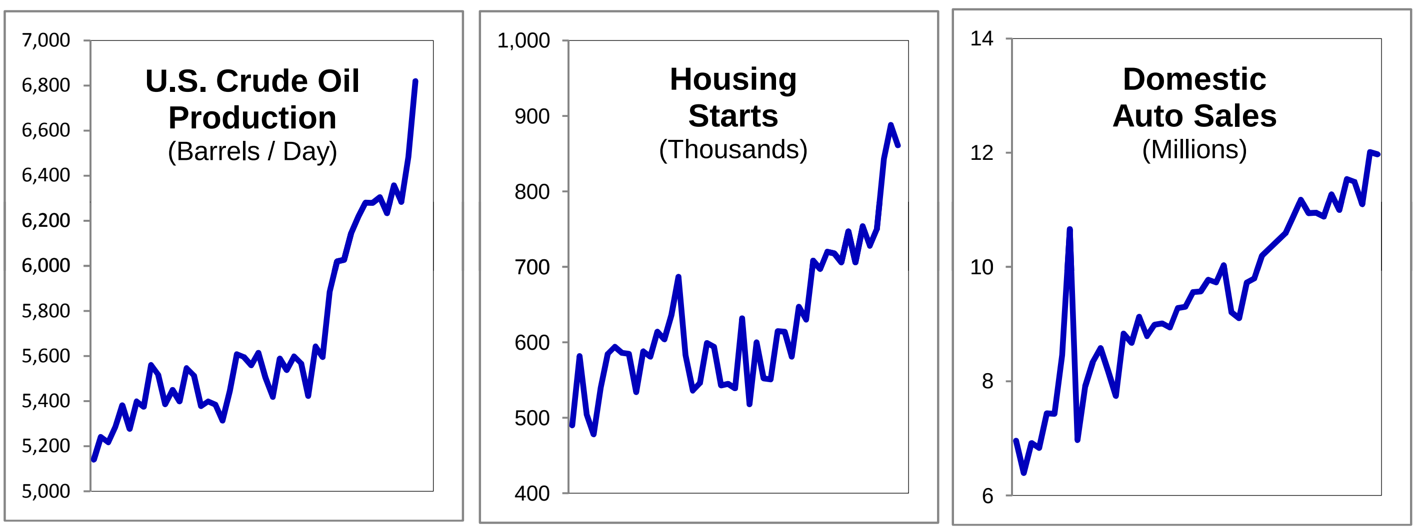
January 2009 to December 2012



THREE INDUSTRIES THAT ARE DRIVING ECONOMIC GROWTH

- The road to America's energy independence leads through the oil fields in the Bakken Shale formation of North Dakota. Exploration and production success has created an abundance of jobs and is having a secondary effect of encouraging new energy-intensive manufacturing to locate in the U.S. rather than overseas.
- Housing is another traditional driver of job creation. Not only are housing starts recovering, but home prices are beginning to rebound in most markets and prices for building materials reflect rising demand. Lumber futures recently closed at an eight year high.
- Domestic auto sales are up over 70% from the lows of 2009 and are approaching the healthy levels of 2007.

January 2009 to December 2012



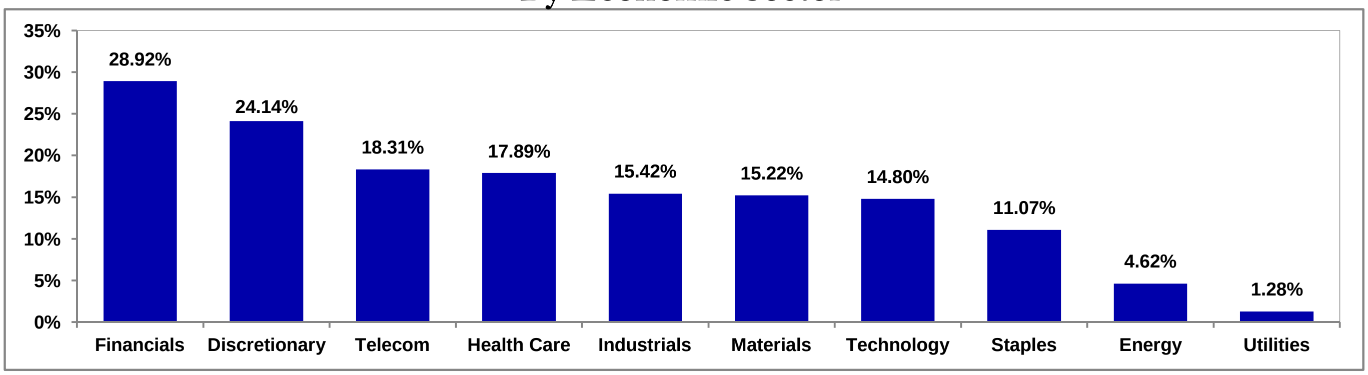
CONCLUSION

- Expectations for leadership and statesmanship from Washington are justifiably low. In some ways this is good news for investors with a multi-year time horizon. A resolution to our country's escalating debt and deficit spending problems is both imperative and inevitable. The opportunity for investors is that success on this front is certainly not priced into the current valuation of financial assets. A credible plan to reform entitlement spending could unleash corporate capital spending, boost consumer confidence and drive stock prices to new highs.
- A multi-year increase in the pace of merger and acquisition activity is likely. Factors that will drive this trend include large cash balances, low interest rates and low valuations.
- Stock market valuations remain low and dividends are continuing to rise. Long term stock market investors that embrace broad diversification should be rewarded from current levels. Bonds are almost certain to underperform equities over the next five to ten years.

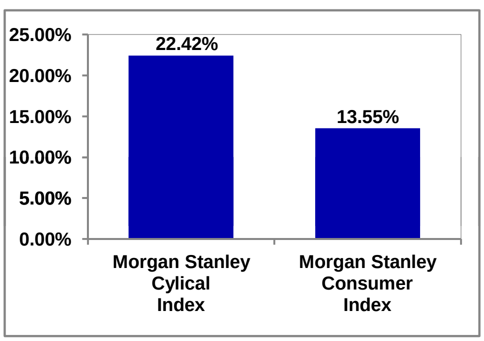
HOLT CAPITAL
PARTNERS, L.P.

2012 Investment Performance (including income)

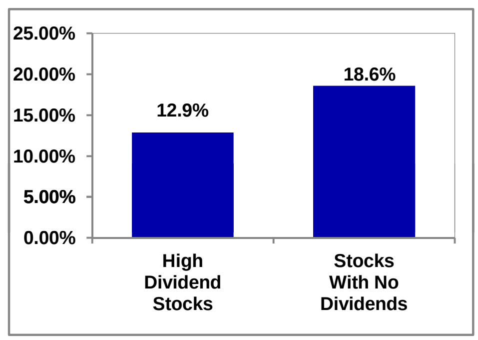
By Economic Sector



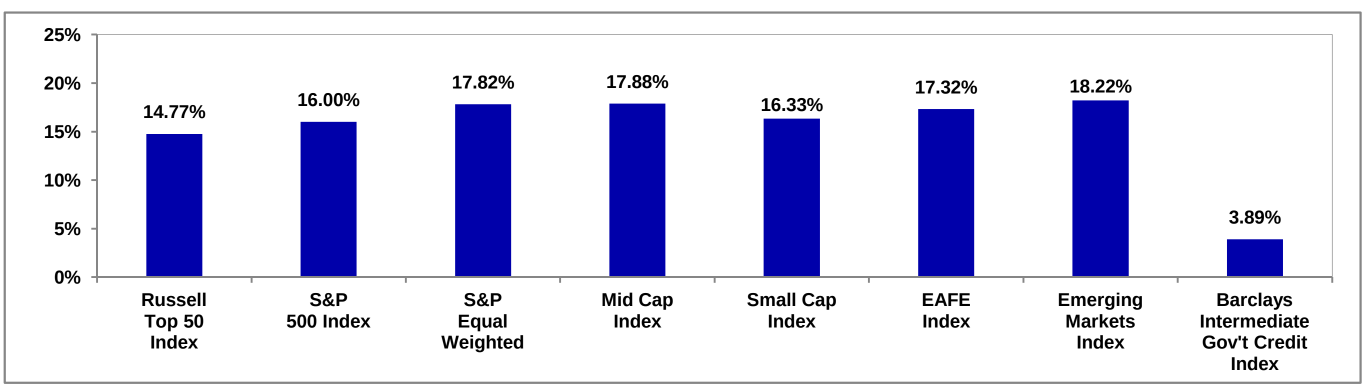
By Economic Sensitivity



By Dividend Yield



By Market Capitalization, Geography and Asset Class



- The past year was a good one for investors across all asset classes. Cyclical stocks were the best performers, but all economic sectors and investment styles generated positive returns.
- Stocks rallied on the first trading day of 2012 and continued to generate positive year-to-date returns every day during the past year. This is the first year since 1979 that the market experienced this consistently positive pattern of year-to-date returns.