RYAN Financial Group

INVESTMENT PHILOSOPHY & PROCESS

About Ryan Financial Group

Independent wealth management firm with over 70 years of experience working with individuals, business owners, corporations, and foundations/endowments in the following areas:

- Investment Advisory
- Estate Planning
- Retirement Plan Consulting
- Executive Benefits
- Legacy Planning

Investment Philosophy

We draw upon our substantial experience to deliver strategic and flexible outcomes built for each clients' unique goals and objectives.

Markets are surprisingly inefficient at times and market participants (and the investors guiding them) are becoming increasingly short-term focused. Mean reversion is a powerful force, and the "comfortable" decision can typically be more destructive than helpful. Investors should look to actively managed portfolios and be willing to tolerate short-term volatility in exchange for long-term wealth creation. But, knowing what you're paying for is critical to long-term investment success. Especially in the current market environment, every basis point matters. Don't pay up for "beta" (market exposure) but be willing to pay up for "alpha" (manager skill).

Clients also need to recognize and embrace their true risk tolerance, because it is critical to understanding and overcoming behavioral biases. Simply put, what is your true "sleep at night" comfort level? Is this tolerance level accurately outlined in your Investment Policy Statement? Working together, we can craft a strategy to achieve results within the framework of your risk tolerance and growth objectives.

Key Differentiators

Internal Investment Specialist

- Chief Investment Officer is focused solely on managing client portfolios
- Clients can speak with the actual person managing their investments

Institutional Investment Process and Approach

- Deep experience conducting diligence on investment managers across the globe
- An intentional role for every manager that exists in our clients' portfolios
- Defined standards and benchmarks for each investment manager
- Seek out portfolio managers in each specific area of the market regardless of firm or affiliation

Portfolio Construction and Management

- Thoughtful combination of active and passive (indexed) investment strategies
- "Sleeve" approach to portfolio construction
- Proactive portfolio management based on market conditions and opportunities

Communication and Transparency

- Timely and detailed communication regarding performance drivers, market outlook, current positioning, portfolio changes, and investment fees

Our Ongoing Investment Process

A continuous, disciplined and proactive approach

Fund Manager Sourcing and Approval

Our team maintains a formal approved list of top tier managers in all market segments built through quantitative and qualitative measurements. This ensures a deep knowledge of each manager and fund strategy prior to recommending, helps build conviction, and sets out more defined expectations for performance in various market environments.

We assess the following factors:

- Key decision makers
- Details of investment philosophy and process/ portfolio characteristics
- Main differentiators
- Any potential concerns and things to monitor
- A snapshot of their performance over time, with details on periods of both under-performance and out-performance

Investment Committee Approach

We provide our clients with an institutional approach to investing- working as an investment committee to develop, monitor, and (when necessary) evolve their investment strategy over time in a disciplined framework. The investment committee meets monthly and analyzes the construction of each client's portfolio. This process increases the probability that our clients' portfolios will generate results that meet or exceed their goals and expectations over the long term. It also creates competition for capital, forces investor discipline, and ensures a deep understanding of both risks and potential rewards while avoiding strategies fraught with:

- High and often hidden fees,
- Commoditized strategies,
- Terms that don't align with the underlying portfolio,
- Inexperienced portfolio managers, and
- Unintended or unnecessary risks.

Ongoing Review and Manager Diligence

Our team works hard to maintain relationships with many top tier managers, providing us with regular and consistent review of performance, portfolio characteristics and exposures. This process includes frequent, but less formal touch points with fund managers where we ask relevant questions concerning the market environment and portfolio's performance:

- Is the portfolio being refreshed and managed in line with expectations?
- Are there any signs of style drift or is performance being driven by a particular style?
- Is the level of assets in the strategy consistent with the investment process and strategy?

Accountability is a key result of this process — we record our summary findings from each of the meetings and maintain a formal manager Watch List for managers whom aren't performing as expected. If circumstances warrant, we will recommend moving on and upgrading managers.

Portfolio Construction and Management

A holistic, purpose-driven investment framework

We build client portfolios with a thoughtful combination of active and passive investment strategies, utilizing a "sleeve" approach for the core areas of investment where every sleeve and underlying manager has a specific role:

1. Equity Sleeve
2. Fixed Income Sleeve
3. Diversifying/Non-Correlated Sleeve
4. Opportunistic Sleeve

Our active management approach to portfolio construction also allows us to make "tilts" when warranted to mitigate risks and/or take advantage of market dislocations.

1 Equity Sleeve

We recognize that some equity markets are more efficient than others, and passive funds can be a great way to keep fees low and provide attractive beta exposure. For example, our research has shown that very few managers in the US Large Cap Equities space have demonstrated an ability to add value over time — as a result, we generally pursue a passive strategy with this market segment.

By contrast, International and Emerging Markets are less efficient and benchmark exposure is not as compelling. If investors can tolerate periods of under-performance it makes sense to embrace active management (and pay the associated fees).

Diversification is critical. We use managers and strategies with differentiated/complementary exposure across geography, market capitalization, styles and orientations. We prefer top-tier (and often times boutique/under the radar) active managers who are unafraid to deviate from their benchmark and/or what the masses are doing. We also will include select managers with an unconstrained, global mandate that run high conviction/concentrated portfolios.

2 Fixed Income Sleeve

The role of our Fixed Income Sleeve is to provide capital preservation and generate income. This sleeve has a relatively straight-forward structure and is positioned conservatively. We do not believe there is value in building a great deal of complexity within the Fixed Income Sleeve. But we do recommend "knowing what you own," especially in the current environment with rates at historic lows.

We are proponents of active management within Fixed Income, while being very mindful of fees. In contrast to U.S. Large Cap Equities, we think it is unwise to include passive Fixed Income because attractive opportunities lie outside of the benchmark and the market structure has changed – it is more opaque and less liquid, especially during volatile periods and market dislocations. Active managers can react and respond to these opportunities and mitigate risk such as interest rate/duration risk, credit risk, and sector risk (treasuries, mortgages, corporates, etc.)

3 Diversifying/Non-Correlated Sleeve

The primary objective of our Diversifying/Non-Correlated Sleeve is to generate returns that have little correlation with broader risky assets, namely equities. Each manager/strategy in this sleeve offers a unique role and differentiated risk/return expectation. Some strategies will struggle in certain market conditions, which is why taking a portfolio approach within this sleeve is more important than focusing on a single line item performance. Fees tend to be higher in this space relative to more traditional strategies, which can be tolerable if the manager is providing exposure that is not easy to replicate. Examples of diversifying strategies include Long/Short Equity, Merger Arbitrage, and Managed Futures.

4 Opportunistic Sleeve

This sleeve takes advantage of unique investment opportunities and/or market dislocations that may not fit neatly into other sleeves. This sleeve includes opportunities with higher potential returns along with higher levels of risk, along with more muted return expectations that provide meaningful downside protection. The investment thesis and opportunities' duration focused on within this sleeve will vary, but allows for both tactical and secular opportunities with patience. We don't force an allocation if nothing is attractive.

Examples of opportunistic investments include: strategies that invest across the capital structure (equities, bonds, etc.); sector-based ETFs /active managers; targeted credit strategies (high yield, structured credit, etc.); closed-end funds trading at a discount to net asset value. Certain Private Credit and Private Equity strategies can also make sense for clients where appropriate.

Our Team

Experienced and dedicated

John (Jack) Ryan, Jr. CLU, ChFC, CFP

Managing Principal and Founder

Jack has over 40 years of experience in the financial services industry. He specializes in estate, business owner, and financial planning. Jack also works closely with our corporate and foundation/endowment clients. He sits on many boards and charities that benefit the Iron Range and the state of Minnesota.

John Ryan III, CFP, AIF

Managing Director, Partner

John is an investment advisor who works closely with clients to create and implement customized financial plans. He also specializes in corporate retirement plan design analysis and implementation. John is a third generation owner in Ryan Financial Group, and prior to joining our firm, he spent over a decade with leading financial institutions including John Hancock and Manulife focused on retirement plan services.

Tony Wilson

Investment Advisor

Tony manages clients' investment management programs, implements long-term care and life insurance strategies, and provides comprehensive financial planning advice. Prior to joining Ryan Financial Group, Tony was a financial advisor with Ameriprise Financial. Outside of the investment industry, Tony serves as a board member of the Hibbing Curling Club.

Greg Stalsberg, CFA, CAIA

Chief Investment Officer, Partner

Greg leads the firm's investment process relating to market research, asset allocation, manager selection and review, portfolio construction, and risk management.

Prior to joining Ryan Financial Group, Greg spent over a decade at Slocum & Associates, a leading institutional investment consulting firm that, at the time of his departure, advised 130 corporations, foundations and endowments, representing approximately $125 billion in assets under advisement. His most recent role at Slocum was Director, Capital Markets Research. He led the firm's research efforts in Hedge Funds and Global Equities, and worked closely with the firm's largest and most sophisticated clients' investment committees on portfolio construction.

Ryan Wahlund, JD

Director of Business Development

Ryan advances Ryan Financial Group's business development initiatives, cultivating relationships and deepening the firm's experience and ability to help business owners, management teams, and organizations achieve their financial and employee-related goals and objectives. Before joining Ryan Financial Group, Ryan worked at Marsh & McLennan Agency, where he helped businesses and executives develop strategic risk management solutions tailored to their company's specific needs and objectives. Prior to that, Ryan practiced law with Peterson Habicht, PA, as a commercial litigator and business attorney.

Risk Disclosures

Diversification through an asset allocation plan is a useful technique that can reduce overall portfolio risk and volatility.

Diversification does not eliminate risk, does not guarantee a profitable investment return and does not guarantee against a loss. Diversification lowers the risk of a portfolio.

The performance of an index assumes no transaction costs, taxes, management fees or other expenses. An investor cannot invest directly in an index. Past performance is no guarantee of future results.

Foreign investments are subject to risks not originally associated with domestic investments (i.e. currency, economic, and political risks, and different accounting systems.). Investing in emerging markets can be riskier than investing in well-established foreign markets. Mutual funds investing in foreign small and/or medium-sized company stocks typically involve greater risk, particularly in the short-term, than those investing in larger, more established foreign companies. The risk associated with investing on a worldwide basis include differences in regulation of financial data and reporting, currency exchange differences, as well as economic and political systems that may be different from those in the United States.

Small cap stocks may be subject to a higher degree of risk than more established companies' securities. The illiquidity of the small-cap market may adversely affect the value of these investments so that shares, when redeemed, may be worth more or less than their original cost.

Funds that concentrate its investments, foreign or domestic, in one region or industry may carry greater risk than more broadly diversified mutual funds.

Bonds typically offer a fixed rate of interest, whereas the return, principal value, and yield will fluctuate. Long-term government bonds, intermediate-term government bonds and Treasury bills are backed by the full faith and credit of the US government and offer a fixed rate of interest. Although government bonds and Treasury bills are backed by the full faith and credit of the US government, this is not applicable to mutual funds that hold these securities.

Asset Allocation optimizes investment risk/reward characteristics by combining different types of assets based on an individual's situation and goals. Assets allocation and diversification won't guarantee a profit or ensure against loss but may help reduce risk and volatility in your investment portfolio.

There is no assurance that by assuming more risk a portfolio is guaranteed to achieve better results.

Investment return and principal value will fluctuate so that the value of redeemed shares may be worth more or less than their original cost.

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