Halleran Financial Group

CHARTING YOUR SUCCESS

Research and Investment Committee

Asset Allocation & Security Selection Process

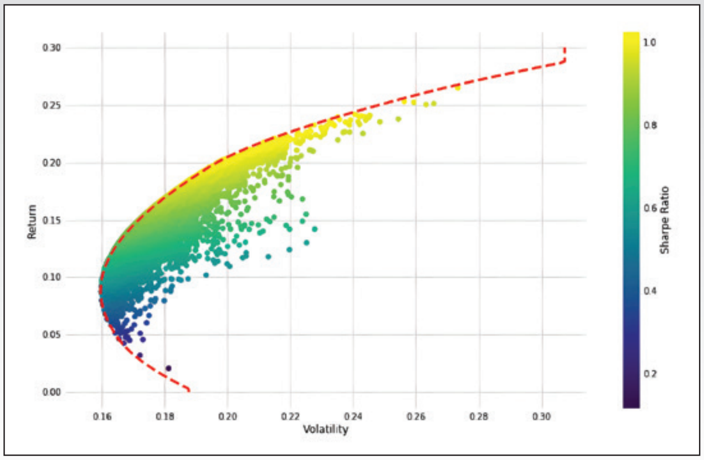
www.HalleranFinancialGroup.com

The HFG Asset Allocation Modeling Process

1. Initial Construct (Semi-annual exercise)

a. Phase I

HFG's investment philosophy starts with Modern Portfolio Theory. The efficient frontier and asset class correlation matrixes are utilized to establish an initial foundation for our portfolio construction process.



b. Phase II

The initial equity and fixed income allocations are modified based on the HFG Investment Committee (IC) views of the secular outlook. The IC conducts its own research, which incorporates numerous resources including but not limited to: macroeconomic data, Federal Reserve commentary and outlook, industry-wide capital market assumptions and available research from industry partners. Additional research includes analysis of the geopolitical environment, current stage of the business cycle and current valuations of securities relative to historical averages. This research culminates in adjustments to our asset allocation models.

2. Asset Allocation Model Monitoring and Maintenance (Semi-annual exercise)

a. All HFG Asset Allocation Models, including custom models, are tested across 3 (as of August 18, 2021) risk management softwares: Morningstar, Riskalyze and Aladdin (by BlackRock).

b. Models are tested across 1 year, 3 years, 5 years and 10 years for historical risk and return performance vis-à-vis appropriate asset weighted benchmarks and equivalently weighted peer group averages.

c. The models are also stress tested for scenarios such as an unexpected change in Treasury bond yields, inflation expectations, commodity prices, stock market volatility, widening of credit spreads, etc. Past market events such as the credit crisis of 2007, market crash of 2008 and the recession of 2007-2009 are used as examples to demonstrate possible events that could lead to the market exhibiting unusually high volatility.

d. If allocation, manager or investment changes are made, portfolio characteristics are re-evaluated using Phase I and Phase II of the initial construct.

3. Model Review with Strategic Partners
(Semi-annual exercise undertaken by the IC)

The HFG IC members engage with several industry partners (currently BlackRock, Goldman Sachs, Fidelity and JP Morgan) on a semi-annual basis for their review and analysis of HFG asset allocation models. These partners compare HFG's core 60/40 asset allocation model to their equivalent risk model and provide a detailed report of their findings. The resulting reports are presented to the lead members of the HFG IC, John Halleran and Rushang Desai. It is common that these reviews include a member of the research or portfolio management teams of the given partner firm. The typical contents of these reviews are:

a. Suggested adjustments to the core HFG model and discussion of the theses behind these suggestions.

b. Comprehensive review of the partners' forward looking capital market assumptions and sector under-weights and over-weights relative to HFG models.

c. Partner's analysis and evaluation of sectors and style weightings as well as research on forward looking short term and long term trends.

d. Assessment of current equity and fixed income valuations and expectations over the next 12-18 months.

e. Research on international and emerging economies and markets.

f. Discussion of partner's views of global growth indicators and business cycle expectations.

HFG Investment Selection Process

(Undertaken quarterly by the IC)

The HFG IC will consider whether to utilize active or passive solutions for each of the asset allocation sleeves within the firm's discretionary models. This decision is then followed by a distinctly different analytical process for active vs passive vehicles.

When considering passive instruments, ETF election is driven by factors such as

a. Liquidity

b. Best fit to desired allocation and objective

c. Expense ratio

Active Mutual Funds and separately managed accounts (SMAs) are assessed and elected based on qualitative and quantitative factors. Once managers are elected and incorporated into HFG models, these factors are examined every quarter thereafter. The information and data examined for active managers includes but is not limited to:

Qualitative factors

a. Heritage of the parent company

b. Life of the fund or SMA strategy

c. Independent analyst reports and ratings

d. Manager and management team credentials and tenure

e. Observed turnover within the fund or SMA strategy management team

f. Manager style and consistency

Quantitative factors

a. Performance relative to the benchmark and peer group across 1, 3, 5 and 10 year periods

b. Performance through market cycles and key inflection points

c. Risk adjusted performance: Sharpe ratio, Treynor ratio, upside/downside capture

d. Active share

e. Fund or SMA strategy expenses

Additional factors are examined for fixed income solutions (also quarterly)

a. Influence of Federal Reserve policy and guidance

b. Duration

c. Target Yield

d. Credit quality

e. Sector related historical default rates and demand-supply dynamics influencing the particular bond class in question

f. Dollar denominated vs local currency bias for non-US bonds.

As of the date of this research summary, our assessment of fixed income strategies over multiple years has indicated that passive solutions have failed to add substantial value and therefore, the IC prefers to use actively managed funds and accounts in this space. Going forward, we remain open to solutions that may warrant a change in this philosophy.

Conclusions of Investment Solution Research

Analysis of new solutions and managers results in being categorized as:

a. "Approved"

b. "Conditionally approved"

c. "Non-approval"

HFG's policy is to maintain and monitor 2 alternative solutions for every asset allocation sleeve at all times.

Model and Investment Benchmarking

The HFG IC seeks a "best fit" benchmark in assessing relative performance for its asset allocation models and investments elections. The assigned benchmarks are reviewed for suitability on an annual basis and will be changed if the IC feels that a more effective one is available.

a. Equity: Given that the firm allocates to both domestic and international equities and that most SMAs and mutual funds can have exposure to markets outside the US, as of the statement date of this document, the IC believes the MSCI All Country World Index (ACWI) to be the most appropriate for monitoring relative performance given the increased opportunity set.

b. Fixed Income: Bloomberg Barclays U.S. Aggregate Bond Index (AGG)

c. Blended Benchmarking by Model: Models are measured against equivalent asset allocation benchmarks from Morningstar, Riskalyze, our industry partners as well as a combination of MSCI/AGG

Performance, Risk Monitoring and Evaluation: SMAs and mutual funds are evaluated for risk and performance anomalies on an ongoing basis. The HFG IC will seek an explanation from the parent company and manager when such anomalies are noted. Where the divergent performance or risk is negative relative to benchmark, the manager will be asked how and when they expect reversion to take place. After receiving these answers from the manager, the IC will meet to discuss the manager's responses and decide: 1) Does it share the manager's reversion theory, 2) Does it agree with the reversion timeline and 3) Does it feel that other fully research alternative managers or funds represent a better option for HFG investors. If the decision is made to allow the strategy or fund to recover, the IC will utilize the specific timeline and parameters for recovery that the manager has explicitly stated. Where strategies or managers do not live up to such self-assigned criteria, the fund or strategy will be replaced.

ESG Accommodations: HFG accommodates both individual and institutional requests for environmental, social, and governance (ESG) mandates for portfolio construction. Such requests are most commonly received from institutional clients. HFG is able to customize portfolios that are aligned to our clients' ethical views and financial objectives. There are different approaches to the trade-off between excess risk and undesired ESG attributes. We strive to provide a comprehensive analysis of these trade-offs in order to craft an investment strategy and policy statement (IPS) that best matches each client's motivations and preferences.

Additional HFG High Net Worth Asset Allocation Services

For clients that meet certain minimum net worth requirements:

- Accredited (Qualified) Investor- an individual that has a net worth over $1M (excluding the value of the primary residence)
- Qualified Purchaser- an individual or trust that has over $5M in investments

HFG offers an additional layer of due diligence, security selection and risk management. This includes creating and managing more sophisticated strategies that are tailored to a qualifying client's unique circumstances, goals and allowance for illiquid allocations. HFG services in this area include sourcing and establishing differentiated opportunities across both public and private markets.

HFG recognizes that investors described above have a different investment profile than the average investor. Consistent with this profile comes a sophisticated approach to asset allocation that includes a diversified, multi-asset class portfolio, with a designated weighting to alternatives, including illiquid investments and allocations.

HFG partners with reputable global asset management firms with distinguished track records in sourcing qualifying alternative investments. Typical investment opportunities include but are not limited to Private Equity Investments and Funds, Hedge Funds, Hedge Fund of Funds, Structured Products, Index linked Notes, Private Debt Funds, Private Real Estate Funds, Business Development Companies, Special Purpose Acquisition Companies, etc.

Supplemental Research

Research-focused Events and Conferences

HFG's size results in annual invitations to private briefings, due diligence meetings and conferences to which most of its competitors are not invited. These events represent a unique opportunity to engage with top economists, strategists and managers in situations that allow a greater depth of engagement than is otherwise possible through conference calls or third party research. For example, the HFG IC participates in annual invitation-only economic conferences at some of the nation's top business schools. These have included the Wharton School of the University of Pennsylvania, Yale School of Management, Kellogg School of Management, MIT Sloan School of Management, The University of Chicago Booth School of Business, Duke's Fuqua School of Business and the Mendoza College of Business at Notre Dame. These events have provided HFG with unique opportunities to engage with some of the country's top economists, including Nobel Prize winners. HFG also enjoys regular visits from some of the industry's top portfolio management teams who set aside time each year to visit the HFG office.