

Manager Selection Criteria

The combined 78 years of investment experience of the Stribling-Whalen Financial Group (SWFG) benefits our clients in a variety of ways. Perhaps one of most prescient benefits is how our experience helps shape and mold the selection of investment organizations to manage our client's life savings.

Our qualitative and quantitative driven manager selection philosophy directs us towards patient investment managers who have a historical track record of long-term investment results. We believe we can best help our clients attain their goals by hiring reputable investment organizations.

The following is the framework for our manager Selection:

Quantitative

“You don't get hit by the train you see coming”
-Unknown

After filtering investment organizations, we screen for individual investments utilizing the following:

- 1) Investments, in most cases, will have a 15-year minimum track record.
- 2) Expenses should be below the median expense for the respective peer group.

- 3) Compare results and volatility against peer groups

The most emphasis is placed on rolling five and ten-year results. Though we do pay attention to shorter time periods, the longer-term results are of the most importance. Typically, the investments we employ have at least a ten-year record and/or a manager that has been in the industry for significantly longer than that.

- 4) Compare results and volatility against benchmarks

Sometimes results which are significantly above a benchmark can cause us more concern than results below a benchmark. This can signal a manager taking on more risk than we are comfortable. Occasionally, benchmarks lose their “north star” such as when the S&P 500 was 33% technology in 1999¹. In a case such as this, we don't want our managers trying to keep up and compete with a benchmark.

Qualitative

"It's more about management and less about measurement"

-Unknown

Philosophy

We require the investment organizations we hire to manage shareholder money with a bias towards long-term results. The majority of their compensation will be based on periods markedly longer than one year and they tend to have low portfolio turnover. They view risk not as volatility, such as standard deviation or tracking error, but as the permanent loss of capital.

Process

Our investment organizations rely primarily on in-house fundamental research. Their research process enables them to manage money to match with their definition of risk. We believe their processes increase the odds of repeatable admirable results over multiple market cycles.

People

The managers of the investment organizations we hire, on average, have markedly more experience through different market cycles than the industry average. We value stability and demonstrably low turnover within the organizations we hire. Though not mandatory, we place high value on manager ownership participation in the organization and significant ownership of the funds they manage.

Expenses

The investments we utilize generally have below average expenses. Many times, the expenses are dramatically lower than the respective peer group. Additionally, due to their patient, long term investment orientation, portfolio turnover is markedly lower than the industry average.

Past performance is not a guarantee of future results. There is no strategy that ensures a profit or guarantees against a loss since investing involves risk.

Source:

*The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. You cannot invest directly in any index. Every investor's situation is unique and you should consider your investment goals, risk tolerance and time horizon before making any investment. Investing involves risk and you may incur a profit or loss regardless of strategy selected. The forgoing is not a recommendation to buy or sell any individual security or any combination of securities. Be sure to contact a qualified professional regarding your particular situation before making any investment or withdrawal decision.