

INVESTMENT MANAGEMENT

MACRO ABSOLUTE RETURN PORTFOLIO

OBJECTIVE

Most importantly, our goal is to preserve capital in poor markets, and increase account values with low risk in favorable markets.

STRATEGY

Our primary focus is to find intrinsic value in investments across all asset classes, and buy at reasonable prices.

We are a top-down money manager focused on absolute return. We specifically concentrate on forecasting how global macroeconomic and political events affect the valuations of financial instruments. Our investment process begins with a broad overview of economic trends followed by country, industry, and specific company metrics. In addition, we utilize a proprietary indicator known as Conscious Trend Analysis (CTA) to determine market sentiment.

We invest in a broad spectrum of asset classes, including stocks and bonds (foreign and domestic), commodities (including gold), currencies, and money funds. We also take positions that move inversely to the selected stock, bond or commodity market when we think a more conservative posture is appropriate. We believe our attention to Intermarket Analysis is what contributes to our superior performance.

SUITABILITY

Portfolios under \$2M with less appetite for risk may want to consider our strategy as a core position for their assets. Our portfolio offers broad diversification across asset classes and a balanced participation model.

In larger or institutional portfolios, our approach fits within the framework of an alternative investment strategy focused on providing market like returns with much less volatility

The Absolute Return portfolio is managed jointly by Robert M. Regan and Robert M. Regan Jr.



Robert M. Regan
Managing Principal

Robert has been managing money for over 50 years. He began his investment career as a research analyst for the Wells Fargo trust department and a portfolio manager for Kidder Peabody.

Robert has served as Finance chairman of The Archdiocese of Saint Paul and Minneapolis, and trustee of the Franciscan University of Steubenville, St. Thomas Academy, and Trinity Schools.

He has a B.S. in Finance from the University of Notre Dame.



Robert M. Regan Jr.
Managing Principal

Robert Jr. has been managing portfolios for over 10 years and has worked in several investment-related fields; a Research Analyst with Thomson Financial, an Investor Relations Analyst with Ashton Partners and Honeywell Intl., and a Portfolio Manager with Merrill Lynch.

Robert Jr. has a B.A. in English from the University of St. Thomas and an MBA from the University of Notre Dame.



Growth of \$100,000 from January 1, 2000 to December 31, 2009

Portfolio Statistics

	STANDARD DEVIATION (ANNUALIZED)
Regan Macro Absolute Return Portfolio	8.5
S&P 500 Index	21

Annual Performance*

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REGAN	10.40%	2.30%	2.40%	17.80%	-1.70%	13.60%	17.23%	6.20%	-8.09%	13.21
S&P 500	-9.10%	-11.89%	-22.10%	28.69%	10.88%	4.91%	15.79%	3.50%	-38.49%	23.45

Performance numbers are back tested with best efforts internally by Regan Investments and not audited by outside parties. Past performance of the accounts should not be regarded as an indication of future returns. Share values in the accounts will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original investment.

**Dividends reinvested
Net of all fees

ASSET ALLOCATION

STOCKS

Our method for selecting stocks for our portfolio begins with a top-down analysis of current and future economic conditions. Once we have determined the economic climate, we decide on a total portfolio weighting for our equity component.

Next, our focus is on weighting for our international and domestic components. Careful consideration is paid to the political and monetary environment of the countries in which we decide to invest.

Third, we choose the specific industries and sectors that appeal to our determination of where we fall in the business cycle. While we tend to overweight sectors based on our broad outlook, we do not rule out taking positions in non-favorable sectors if valuations are low.

Finally, we utilize our proprietary screens based on fundamental and technical analysis to determine which individual stocks we will buy for our portfolio. We use many different metrics along with our proprietary Conscious Trend Analysis indicator.

We typically allocate between 25-75% of our portfolio to stocks but we may depart from these percentages under extreme markets conditions.

BONDS

In order to choose the bonds for our portfolio, we follow a very similar strategy to our equity selection model. However, specific attention is paid to the length of bonds being considered. The risks associated with interest rates, inflation/deflation and reinvestment considerations all weigh heavily on our decision in terms of duration.

Our bonds are typically of investment grade, but we will take positions in below investment grade rated bonds if we have reason to believe the rewards outweigh the risk. Bonds constitute an anchor in our portfolio and we do a very careful analysis of each company's financial stability prior to adding its debt to our portfolio.

We typically allocate between 25-75% of our portfolio to bonds but we may depart from these percentages under extreme markets conditions.



ASSET ALLOCATION

COMMODITIES

We believe that asset allocation would not be complete without exposure to commodities.

We separate gold from the rest of commodities because we feel that gold provides more significant protection in the event of inflation and runaway monetary policy, but it also provides a hedge against disaster.

We also will take direct positions in the commodity markets via exchange traded funds. Our exposure is primarily limited to the energy, grain, and industrial metals markets. Our managers look for extreme value related to the commodity markets that appear over time due to various economic factors.

We typically have anywhere from a 5-15% weighting in gold via a mix of gold bullion and gold stocks. Our target weighting in other commodities is roughly 0-10%, and includes weightings in direct commodity producer stocks.

CURRENCY

While we primarily invest in US dollar denominated markets, we will invest directly in foreign currency markets through currency exchange traded funds and foreign bonds. Typically, our direct investment in currency products is very small, and is seen as a diversification strategy. We are firm believers that investors need exposure to foreign markets that allow for non-US dollar related exposure. However, we do not employ a consistent position in foreign currencies.

Our target weighting for currencies would be in the 0-5% range.

ALTERNATIVE STRATEGIES

In addition, we will employ strategies to hedge our exposure in all of the above mentioned markets. Typically this is done by buying inverse exchange traded funds. These funds allow us to reduce our exposure rather than sell them completely.

We do not have a target weighting for our hedge positions. Our standard guidelines for portfolio weightings will dictate our position size in our hedging investments.

Hedging is a vital part of our strategy and is much more advantageous as it reduces unnecessary commissions and capital gains.

