WEALTH MANAGEMENT

DEXTER ALBRECHT

ALERUS.COM

ALERUS

IMPACTING FINANCIAL OUTCOMES

IN A BIG WAY

With roots tracing back to 1879, Alerus is one of the largest and oldest independent, multibillion-dollar financial service companies in the upper Midwest. Our over 800 employees across 23 locations in North Dakota, Minnesota, Arizona, Michigan, and New Hampshire, serve in the best interest of individuals, families, and businesses.

BANKING ASSETS
$2.1 BILLION

ASSETS UNDER MANAGEMENT
$5.3 BILLION

ASSETS UNDER ADMINISTRATION
$27.9 BILLION

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Data as of 06.30.2019

ALERUS OVER THE CENTURIES

A GLIMPSE INTO OUR HISTORY

1879
Founded as the Bank of Grand Forks, the second bank chartered in the Dakota Territory.

1913
One of original incorporators of the Ninth District Minneapolis Federal Reserve Bank

1933
Recapitalized as First National in Grand Forks and acquired trust powers in ND

1979
Since de-regulation, we've focused on 2 major strategies:
1. build fee income
2. grow beyond ND

1985
Since 1985, we have completed 23 acquisitions (combination of bank and fee income)

1997
Grand Forks Flood and Fire

2000
Changed our name to Alerus Financial

2002
Since 2002, we have completed 18 strategic acquisitions

2009
Since 2009, we have doubled our company earnings

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OUR MISSION

We will always act in the best interest of our clients by providing innovative and comprehensive financial solutions that are delivered through a relationship-oriented primary point of contact along with responsive and adaptable customer-friendly technology.

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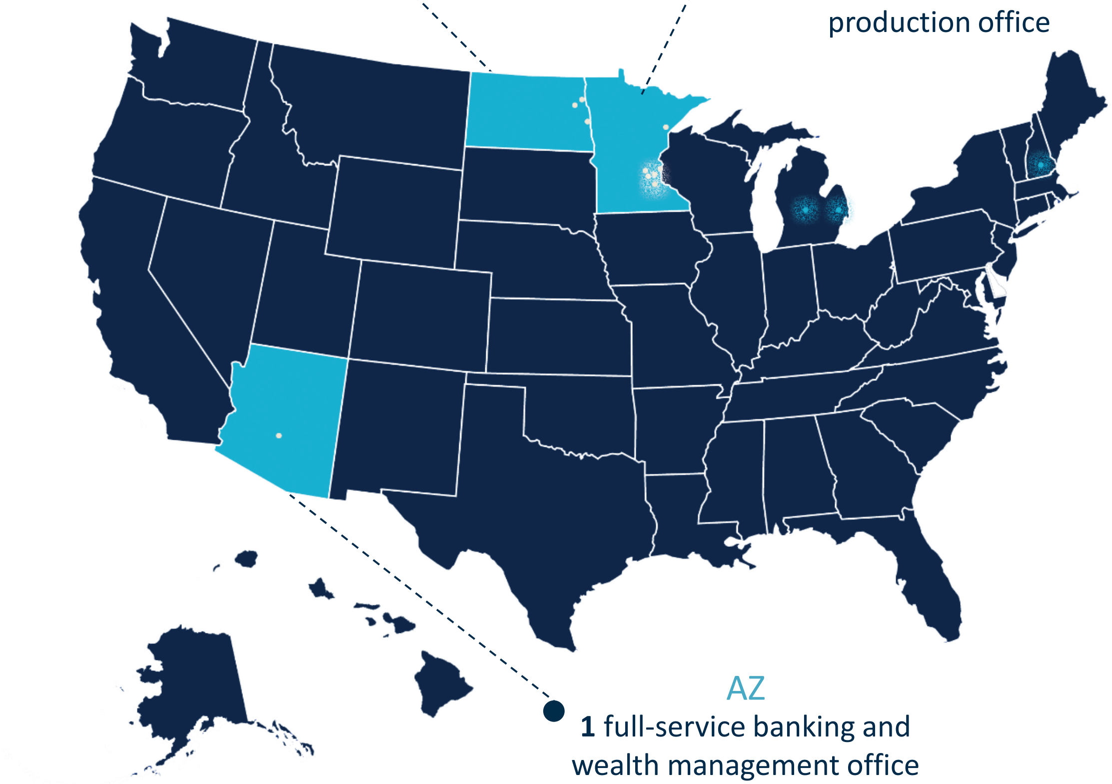
NATIONAL PRESENCE, LOCAL IMPACT

ND
8 full-service banking and wealth management offices (3 Fargo, 5 Grand Forks)

6 full-service banking and wealth management offices
2 residential mortgage offices
1 loan production and deposit production office



AZ
1 full-service banking and wealth management office
1 loan production office

RETIREMENT AND BENEFITS OFFICES

MINNESOTA
3 retirement and benefits offices

MICHIGAN
2 retirement and benefits offices

NEW HAMPSHIRE
1 retirement and benefits office

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COMPANY PORTFOLIO

PRODUCTS AND SERVICES DEDICATED TO YOUR BEST INTEREST

BANKING

Business Banking

Personal Banking

Private Banking

Home Equity/Second Mortgages

MORTGAGE

Residential Mortgage Lending

Purchase or Refinance

Residential Construction Lending

RETIREMENT

Retirement Plan Administration

Retirement Plan Investment Advisory

ESOP Fiduciary Services

Health and Welfare (HSA/FSA/HRA)

Payroll Administration

WEALTH MGMT.*

Advisory and Planning Services*

Investment Management*

Trust and Fiduciary Services

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INVESTING 101: UNDERSTANDING ASSET ALLOCATION

INVESTING FOUNDATION DOLLARS

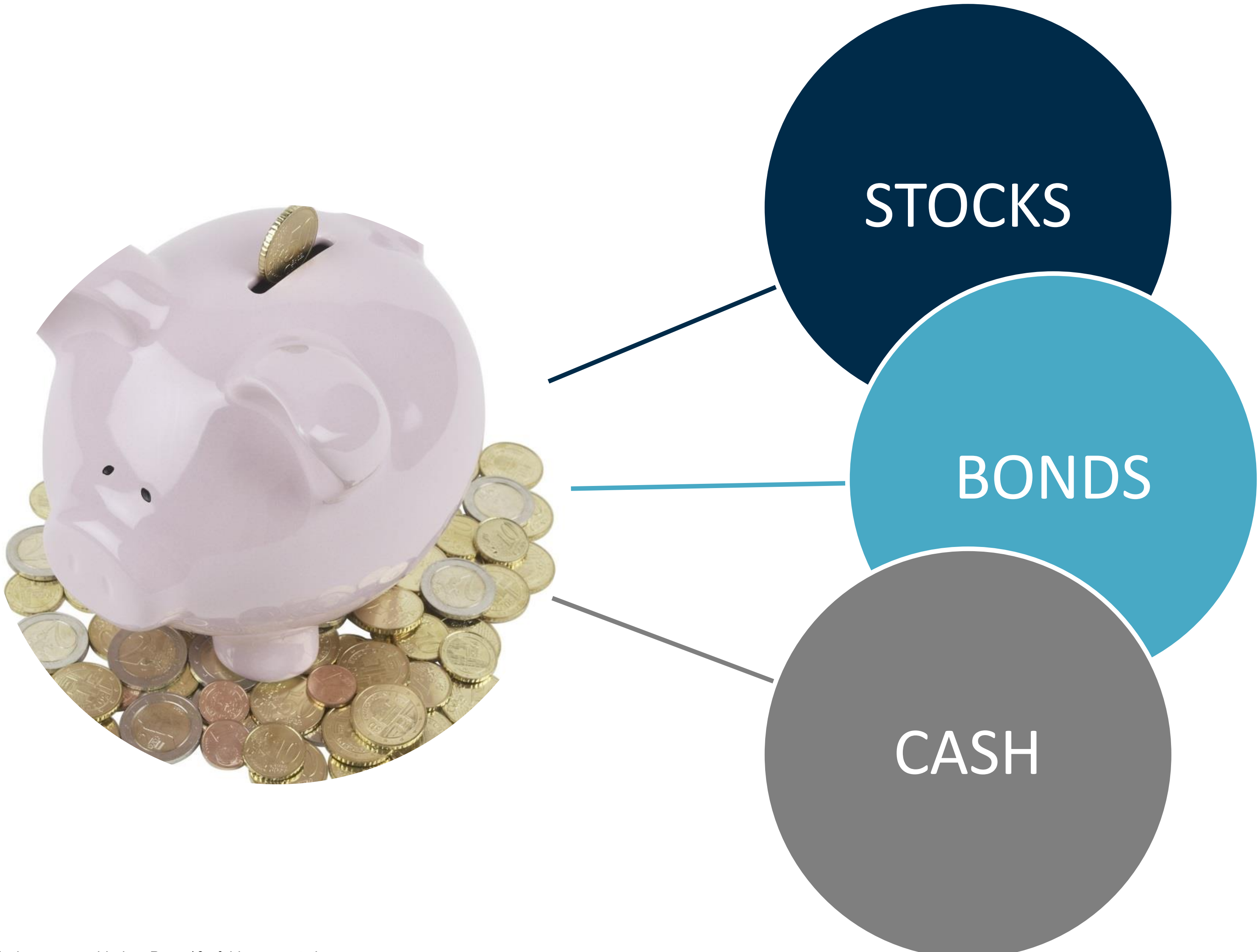
Dexter Albrecht

TODAY'S TOPICS

- Reviewing Investments
- What is Asset Allocation?
- Risk Tolerance
- Rebalancing

Please see important disclosures provided on Page 10 of this presentation.

ASSET ALLOCATION



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DIVERSIFICATION

- Different Types of Investments
- Higher Returns
- Lower Risk

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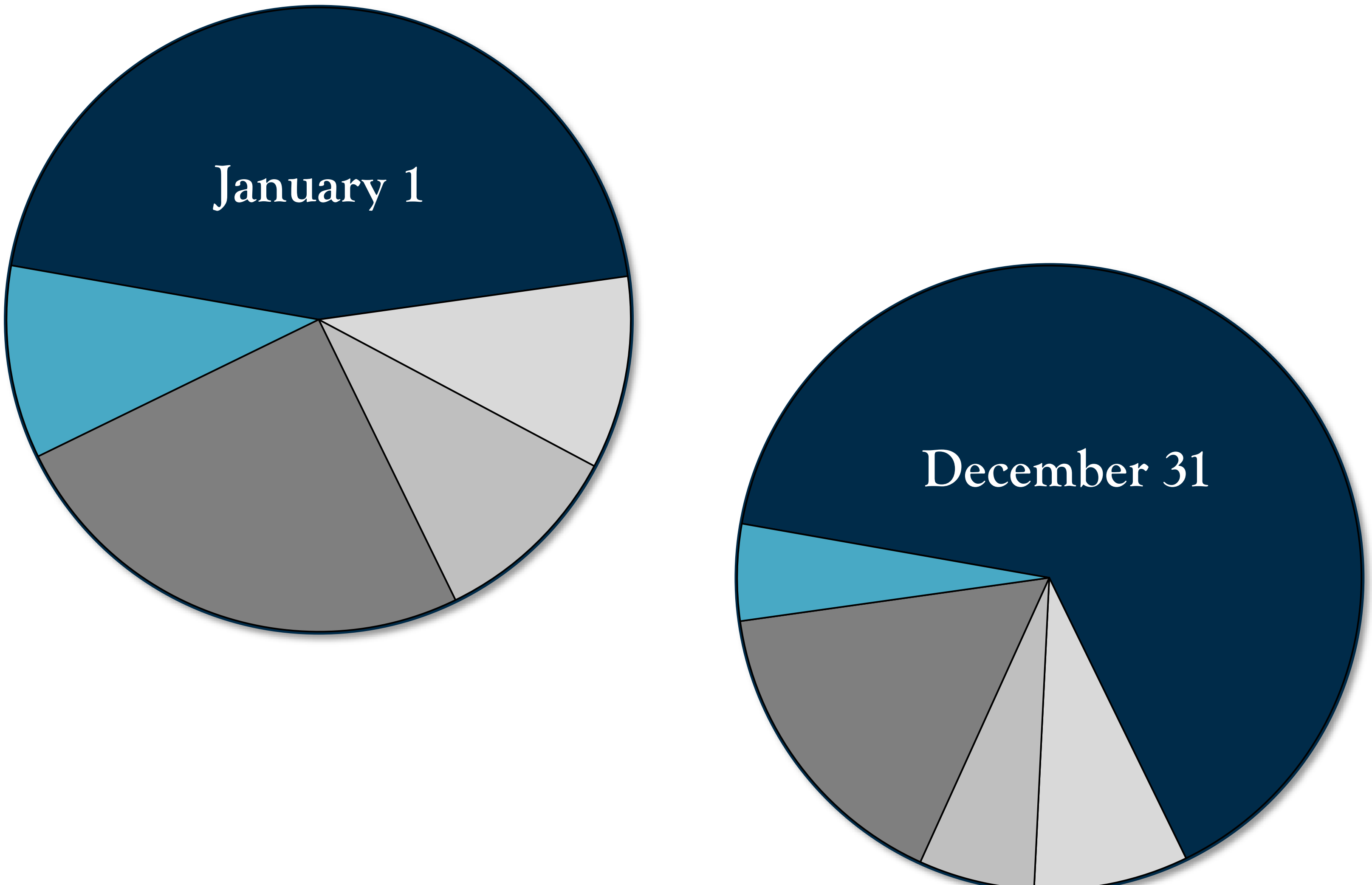
THE IMPORTANCE OF REALIGNMENT



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WEALTH MANAGEMENT AT ALERUS

Stability. Integrity. Experience. Service.

Choosing Alerus to manage your wealth is to choose steadiness over opportunism, planning over reaction, and relationships above all else.

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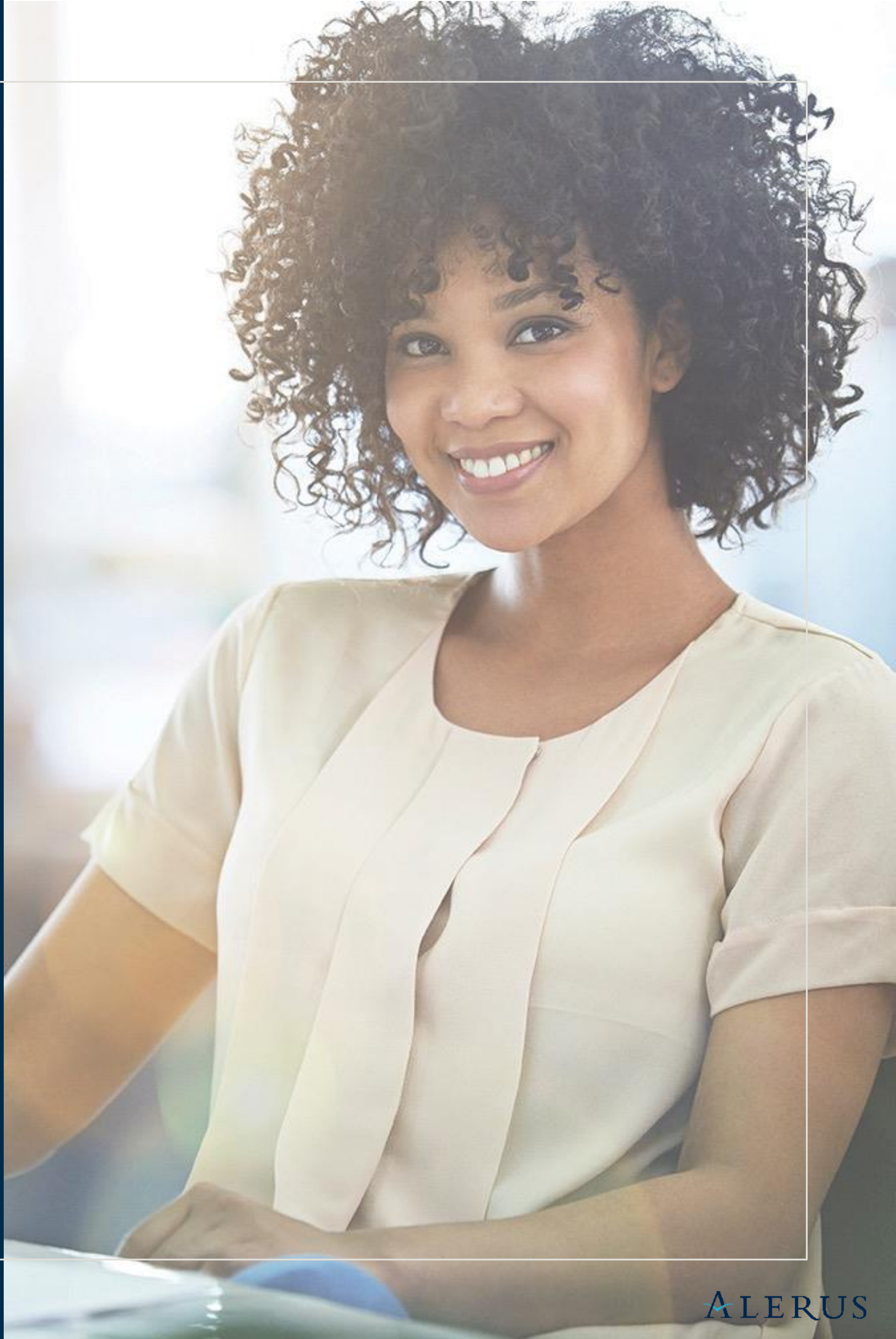


OUR APPROACH

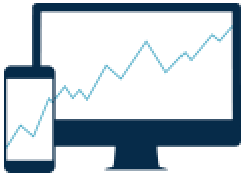
PERSONALIZE

Our advisors start by listening to you and taking the time to genuinely understand your needs and goals. Then, we design a solution just for you.

IMPLEMENT

Our team will seamlessly implement the agreed upon course of action. Your assets will be invested according to your plan.

MANAGE



Your portfolio will be managed with your goals in mind. And, using our powerful online tools, you'll be able to track your progress.

SERVE

We combine people and technology to serve you and help you progress. Simply put, when you have questions, we'll have answers.

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A SERVICE MODEL

BUILT FOR YOUR SUCCESS

ADVISORY

- Advice and Planning
- Assures Plan Implementation
- Provides Ongoing Review and Recommendations
- Goal Tracking

ADMINISTRATION

- Serves as Day-To-Day Contact for Clients
- Manages Contributions and Distributions
- Works Hand-in-Hand with Your Advisor

INVESTMENT MANAGEMENT

- Individual Security Management
- Risk Management
- Develop and Implement Investment Strategies
- Create and Manage Asset Allocation

OPERATIONS

- Manages Operational-Related Issues
- Accounting and Recordkeeping
- Maintains Accounting for Client Accounts
- Processes Account Cash and Security Transfers

SERVICE MEETS TECHNOLOGY

EQUIPPING YOUR SUCCESS

Whether through an individual advisor, or cutting-edge technology, you will feel a sense of partnership from a team of professionals dedicated to your success.

- Focus on broad financial solutions
- 24/7 access to your accounts
- Involvement of recognized product experts
- Coordination with outside professionals and advisors
- Personalized technology to support your future
  - Customized online financial dashboard
  - Wealth access

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A HIGHLY QUALIFIED TEAM

DIVERSE SKILL SETS AND DEEP KNOWLEDGE

You'll benefit from the skill and experience of our well credentialed wealth management professionals, who can be brought in as needed to assist with your account.

- Attorneys
- Chartered Financial Consultants
- Certified Public Accountants
- Certified Financial Planners
- Certified Employee Benefits Specialists
- Certified Insurance Counselors
- Certified Trust and Financial Advisors
- Certified Financial Analysts
- Certified Securities Operations Professionals
- Chartered Life Underwriters

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LET’S LOOK DEEPER

ADVISORY AND PLANNING SERVICES

INVESTMENT MANAGEMENT

TRUST AND FIDUCIARY SERVICES

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WEALTH MANAGEMENT SERVICES

BUILDING, PROTECTING, AND TRANSFERRING WEALTH

ADVISORY AND PLANNING SERVICES*

Financial Planning

Tax Planning

Insurance Planning

Wealth Transfer Planning

Trust and Estate Planning

INVESTMENT MANAGEMENT*

Global Asset Allocation

Tax-Efficient Management

Risk Management

Manager/Consultant

Competitive Pricing

TRUST AND FIDUCIARY SERVICES

Trustee

Personal Representative

Conservator

IRA Administration

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INVESTMENT MANAGEMENT

CONSISTENT INVESTMENT STYLE

- Fundamentals: Analyzing a company from all angles.
- Valuation: Considering earnings, cash flow, and more.
- Quality: Identifying companies that meet our standards.

RISK MANAGEMENT

- Strategic allocation modeling.
- Diversification through multiple asset classes.
- Sophisticated software tools to monitor asset class risk.

MINIMIZE INVESTMENT COSTS

- Primary use of individual securities.
- Low portfolio turnover means lower transaction costs.
- Lower cost share class funds.

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INVESTMENT PHILOSOPHY AND STYLE

CORE/SATELLITE APPROACH

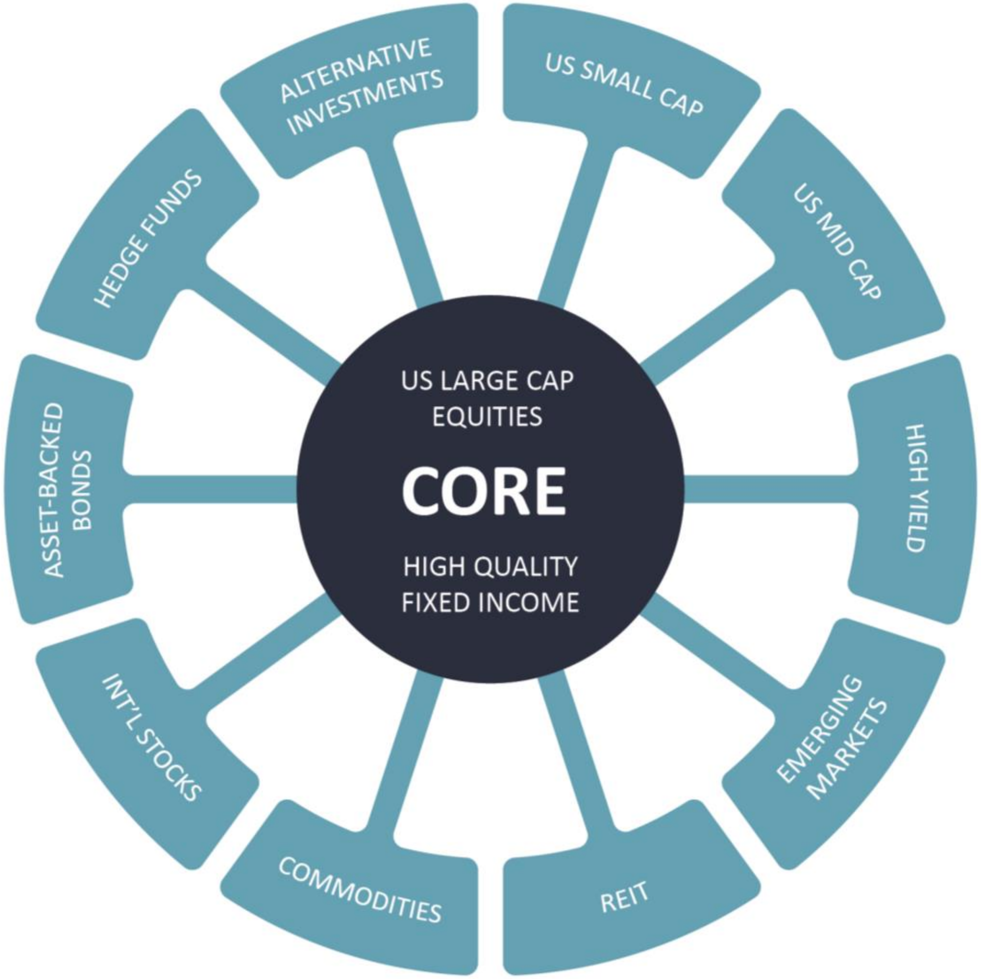
MANAGER/CONSULTANT ROLE

CORE

- Large, liquid, publicly traded markets
- Internal management

SATELLITE

- Small, less well-followed markets
- External management



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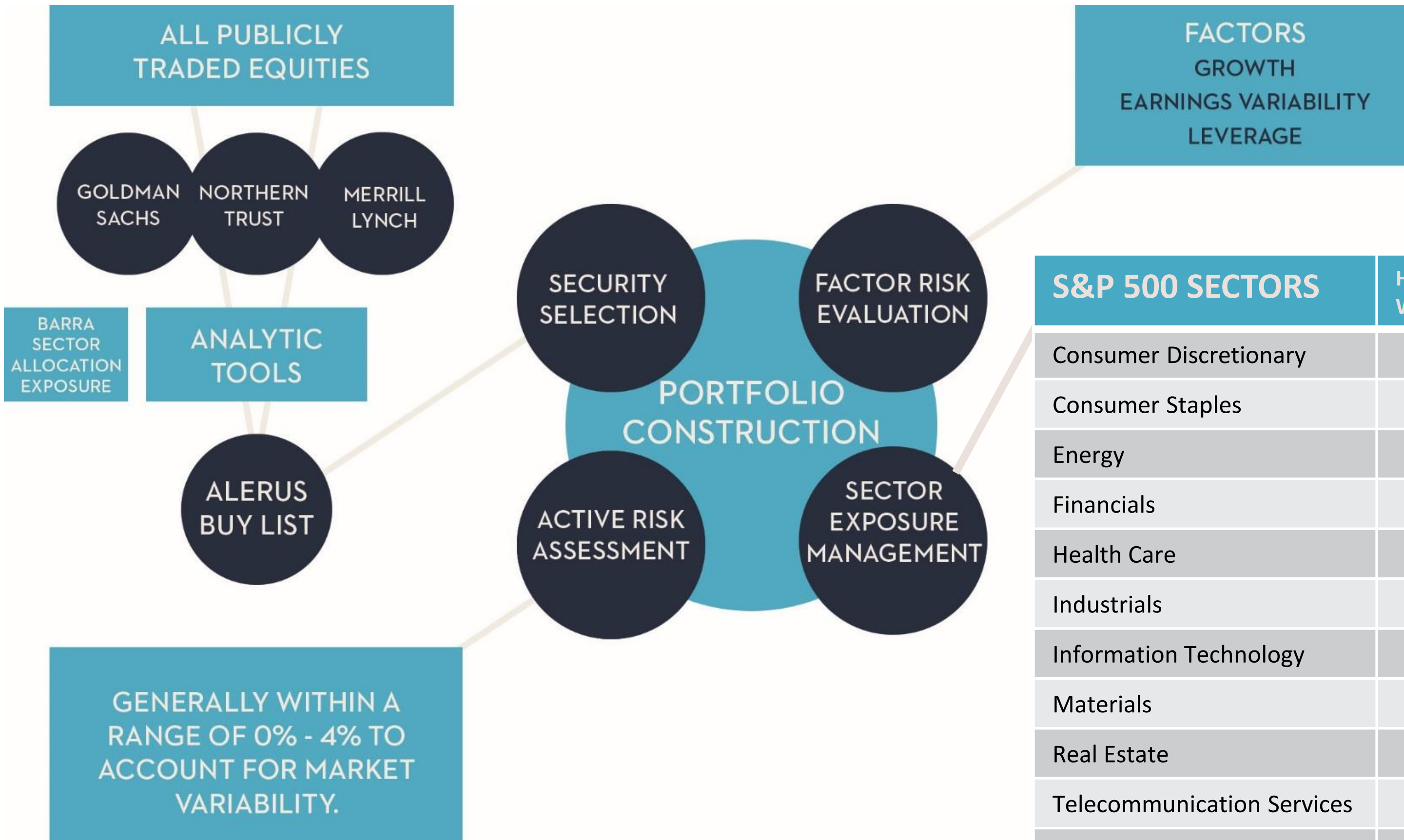
PORTFOLIO CONSTRUCTION

A MULTI-STEP PROCESS TO DEVELOP, ANALYZE, AND OPTIMIZE PORTFOLIOS



S&P 500 SECTORS	HYPOTHETICAL WEIGHTING
Consumer Discretionary	11.8%
Consumer Staples	9.3%
Energy	6.6%
Financials	13.4%
Health Care	17.8%
Industrials	9.2%
Information Technology	21.4%
Materials	1.1%
Real Estate	3.2%
Telecommunication Services	2.8%
Utilities	3.5%

Active Risk: The difference between a portfolio's returns and the returns of the benchmark or index to which the portfolio is compared.

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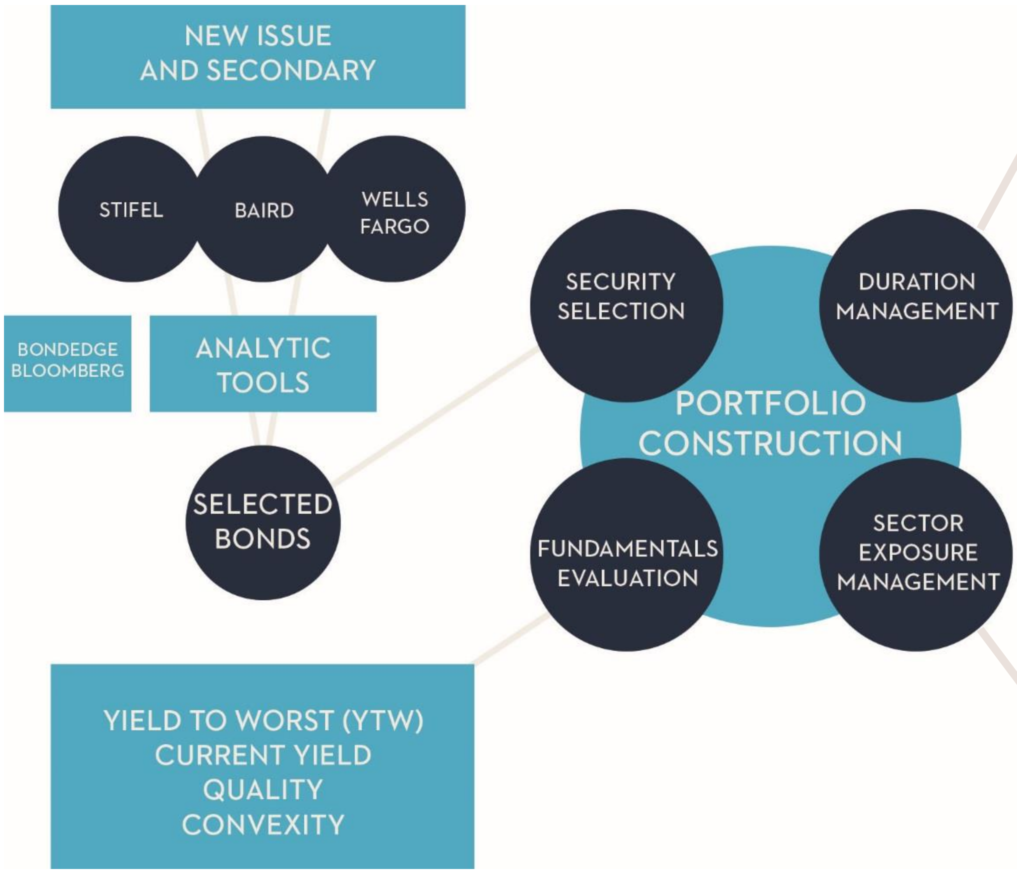
PORTFOLIO CONSTRUCTION: FIXED INCOME

A MULTI-STEP PROCESS TO DEVELOP, ANALYZE, AND OPTIMIZE PORTFOLIOS



BBgBarc Aggregate Distribution	HYPOTHETICAL WEIGHTING
<0.00	0.00
0.00 – 0.99	2.14
1.00 – 1.99	-8.09
2.00 – 2.99	-1.31
3.00 – 3.99	0.47
4.00 – 4.99	3.37
5.00 – 5.99	-4.32
6.00 – 6.99	6.23
7.00 – 7.99	1.30
8.00 – 8.99	-2.30
9.00 – 9.00	-0.40
10.00+	0.72

BBgBarc Aggregate Sectors	HYPOTHETICAL WEIGHTING
U.S. Government	29.06
IG Credit	45.90
Mortgages	25.04

Effective Duration: A measure of interest-rate sensitivity that takes into account the fact that cash flows adjust as interest rates change.

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MANAGED ACCOUNTS

THE RIGHT SOLUTION, CUSTOM TAILORED JUST FOR YOU

DIMENSION

Determine appropriate equity/fixed income allocation
Asset class and company diversification
Flexible and customizable

The Dimension Managed Portfolio is the most cost effective for accounts that maintain a minimum balance of $500,000 or greater, based on average trading fees and trading frequency.

INCOME BUILDER

Seems to generate higher income than typical moderate allocation portfolios
Seeks to provide stable source of income with minimal risk
Asset allocation determined by Alerus' management to target a four percent yield

The Dimension Income Builder SMA is most cost effective for accounts that maintain a minimum balance of $650,000 or greater, based on average trading fees and trading frequency. Blueprint Income Builder can accommodate all account sizes, while specifically focused on balances below $650,000.

BLUEPRINT

Diversified, low-cost modeled portfolios to meet a variety of investment needs

Open an account with as little as $5,000.

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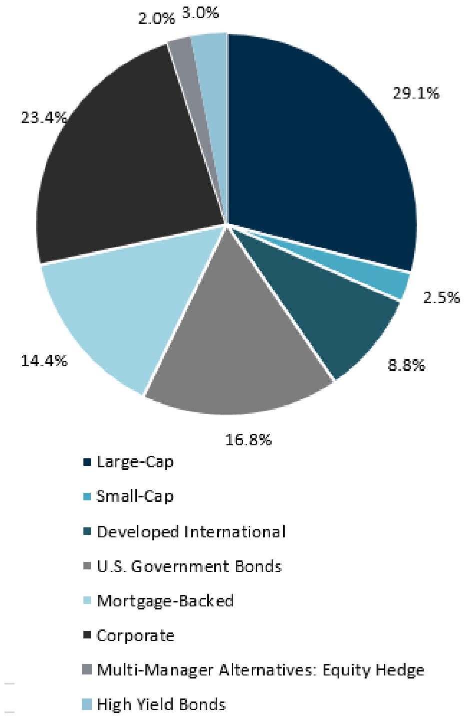
DIMENSION MANAGED PORTFOLIO

THE POWER OF PERSONALIZATION

DIMENSION HIGHLIGHTS

- Personalized asset strategy and allocation
- Majority of assets individually owned and managed
- Consistent management approach
- Flexibility to make changes as economic environment evolves
  - A given scenario could call for the addition of commodities, REITs, or emerging markets (for example)

SAMPLE ALLOCATION: 40/60



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ALERUS

INCOME BUILDER PORTFOLIO

FOCUSED ON HIGH-QUALITY INCOME

CORPORATE BONDS

- Individual bond holdings, no added expense of mutual funds
- Senior securities, investment grade quality
- Laddered portfolio 1.5 – 11 years

DIVIDEND-PRODUCING COMMON STOCK

- Maximum individual securing weighting of five percent
- Invested in all 10 major S&P 500 sectors

INDIVIDUAL PREFERRED STOCK

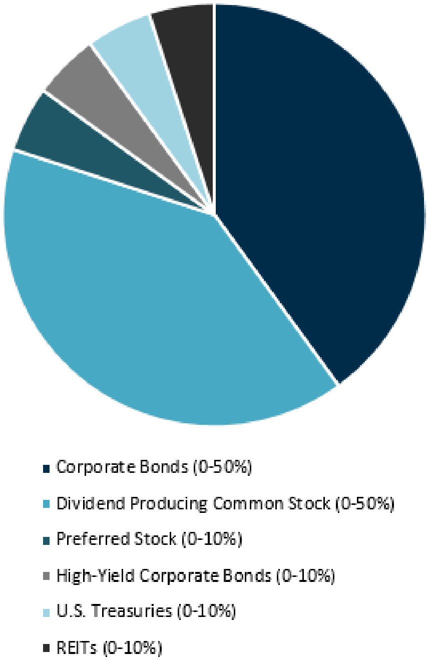
HIGH-YIELD CORPORATE BONDS

- Exposure to domestic high-yield bonds via an externally managed mutual fund

LONG-DURATION U.S. TREASURY BONDS

REITs

HYPOTHETICAL ALLOCATION



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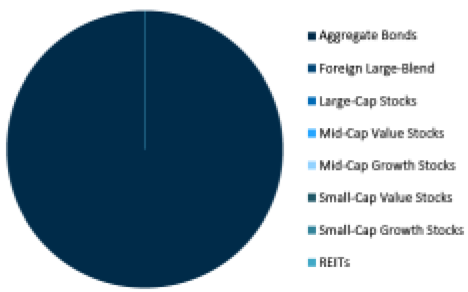
ALERUS

BLUEPRINT MODELED PORTFOLIO

SOPHISTICATION MADE SIMPLE

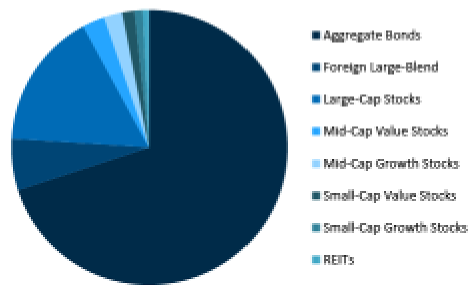
CONSERVATIVE INCOME PORTFOLIO

STOCK FUNDS: 0% | BOND FUNDS: 100%



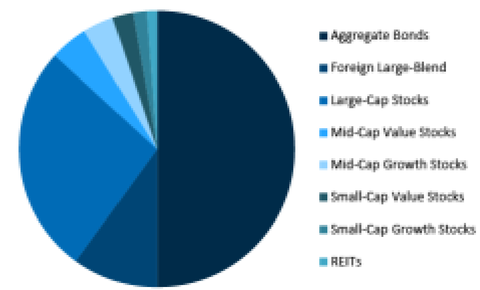
INCOME PORTFOLIO

STOCK FUNDS: 20-40% | BOND FUNDS: 60-80%



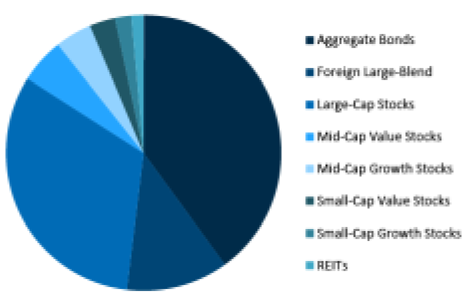
BALANCED PORTFOLIO

STOCK FUNDS: 40-60% | BOND FUNDS: 40-60%



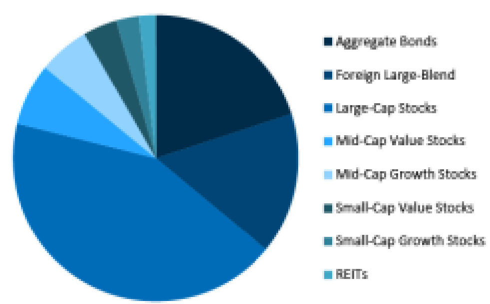
GROWTH AND INCOME PORTFOLIO

STOCK FUNDS: 50-70% | BOND FUNDS: 30-50%



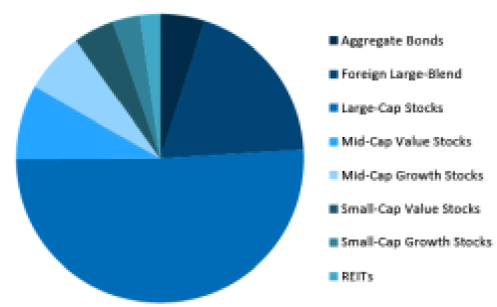
GROWTH PORTFOLIO

STOCK FUNDS: 70-90% | BOND FUNDS: 10-30%



AGGRESSIVE PORTFOLIO

STOCK FUNDS: 90-100% | BOND FUNDS: 0-10%



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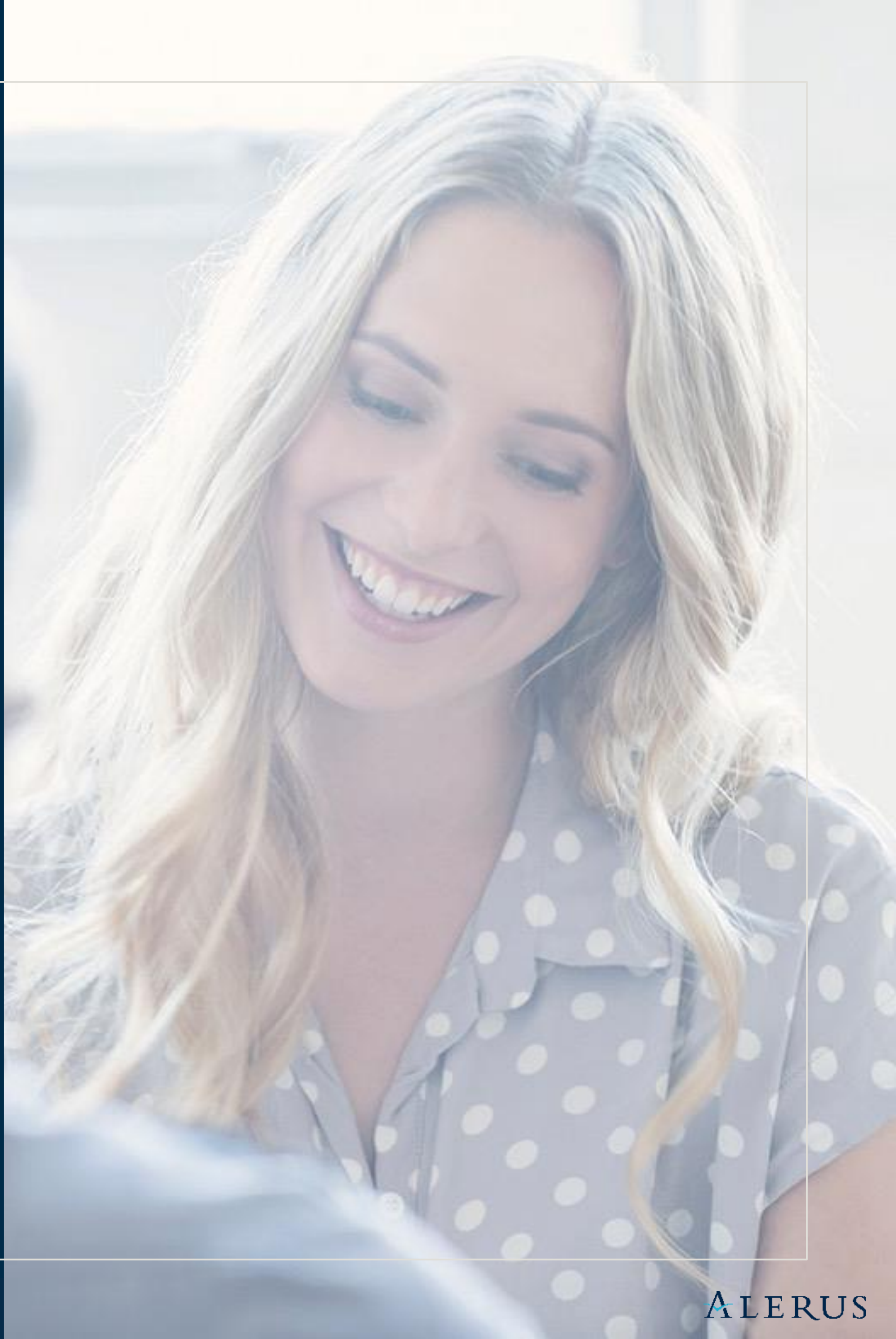
UNLOCK THE FULL POTENTIAL OF YOUR WEALTH

Connect with experienced advisors and consultants who share one simple passion: to help you achieve your goals and feel confident about your finances.



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Deposit products offered by Alerus Financial, N.A., Member FDIC. EQUAL HOUSING LENDER

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