

40 YEARS

GROWTH AND EVOLUTION

1977 - 2017



DOUGHERTY FINANCIAL GROUP LLC

Innovative Financial Solutions Nationwide

LETTER FROM THE CHAIRMAN



Forty years ago is a long time, and yet, it seems like yesterday. It began in 1977 with four young men; Dougherty, Dawkins, Strand and Ekstrom. We had a card table, one phone, and the dream to build a bond brokerage company that would move boldly into a competitive marketplace. Our plan was simple. We would provide the best possible customer service and we would develop close personal relationships with our clients. We would assemble the best talent in the industry and we would readily seize opportunities for growth and diversification.

Today, our firm, Dougherty Financial Group LLC, is a national diversified financial services holding company with 270 employees in eight strategic business units across 16 states. We are one of just four firms remaining of the 38 that were headquartered in the Twin Cities in 1977. We have become a trusted leader in brokerage, mortgage banking, investment banking, public finance, commercial funding, wealth management, equipment finance and insurance. And we continue to work hard to maintain that trust.

I am proud of where we are today and of the partners and employees who have made it possible. They are our most valuable asset. We are grateful to our clients and, most especially, the very early ones who were willing to take a chance and hire us. We are also grateful to the Twin Cities community at-large for its support of entrepreneurs throughout the years.

We celebrate our 40th anniversary with our employees, our clients and our industry friends with an eye to the future. We are poised to meet the certain, yet unknowable, challenges our businesses present. We will continue to stick to the mission we had 40 years ago and to our motto: *Do good, have fun, and make money.*

Sincerely with gratitude,

A handwritten signature in black ink that reads "Mike Dougherty". The signature is written in a cursive, slightly slanted style.

Michael E. Dougherty

40 YEARS

PEOPLE MADE IT HAPPEN



THE DOUGHERTY STORY

From a Regional Bond Broker to a National Diversified Financial Services Company

The firm that is now Dougherty Financial Group LLC started humbly in the summer of 1977. Four friends in the bond department of Minneapolis-based Dain Bosworth – Mike Dougherty, Ken Dawkins, Tom Strand and Darryl Ekstrom – decided to launch their own firm, pooling \$400,000 in seed capital. They ventured forth in July as Dougherty, Dawkins, Strand & Ekstrom Incorporated (DDS&E), moving into temporary quarters at the National Building in Downtown Minneapolis. By September, they had acquired signature space nearby, in the iconic 57-story IDS Center.

Building a bond firm wasn't easy with 38 Twin Cities brokerage firms in direct competition with the new DDS&E. However, the young firm steadily established a network of tax-exempt bond issuers and buyers. Early success came by way of Mike Dougherty's political and business connections in his native South Dakota, where the firm landed key municipal bond business. At the same time, hard work in the Twin Cities cultivated early vital relationships with large institutional bond buyers. The firm survived major challenges from a Federal Reserve monetary policy change in 1979 and historic changes from the Tax Reform Act of 1986 – both of which produced huge downfalls in the tax-exempt bond market. Learning from the perils of government policy shifts, DDS&E created a new money management entity in 1985, Voyageur Fund Managers, which quickly grew into a leading tax-exempt mutual fund family. By the end of its first decade in 1987, the firm had grown to more than 30 employees and had a wide-ranging tax-exempt bond business, as well as a thriving mutual fund operation serving retail and institutional clients.

By 1989, the Voyageur Fund portfolio had grown to \$300 million and the bond business was holding its own. Dougherty and his partners were approached by Allied Group, Inc. of Des Moines to help turn around its foundering brokerage, with the insurer ultimately making an offer that was too good to resist. Allied agreed to buy the brokerage firm from Dougherty and his partners in return for Allied's transfer of \$1.8 billion into Voyageur Funds and an Allied board position for Mike Dougherty.

However, just four years later, Allied realigned its operations and agreed to sell its non-core businesses back to Dougherty and his partners at a bargain price. The partners then established Dougherty Financial Group Inc. (DFG) as the core holding company, and

using the profits from the hugely successful Voyageur Funds, began to expand and diversify. First was the 1994 formation of Segall Bryant & Hamill, a money management firm that provided a key Chicago presence, followed by the formation of Itasca Business Credit in 1995. The next year brought the acquisition of The Clifton Group Investment Management Company and the formation of Dougherty Funding LLC, a bank-participation commercial lending platform. Finally, 1997 saw the merger of Dougherty's broker-dealer business with Summit Investment Corporation, the sale of Voyageur Fund Managers and the creation of Voyageur Asset Management LLC. By the 20th anniversary, DFG and its related companies had grown to 73 employees across five key business units.

Over the next decade, several important changes helped spur the greatest growth and change in the history of the consolidated group of Dougherty companies. Most notably, the three partners of Dawkins, Strand and Ekstrom had all retired by the end of the '90s, leaving Mike Dougherty as the sole partner left from the original firm. Second, in 1999, Gerry Kraut became CEO of Dougherty & Company LLC, the renamed original broker-dealer business unit. Between 1998 and 2007, six new business units or divisions were started, while two others were sold. Gone were Itasca Business Credit and Voyageur Asset Management, and newly-formed were the Lakeside Investment Partners hedge fund, two Dougherty Opportunity venture capital funds, a capital markets research group, Somerset Asset Management LLC, Dougherty Wealth Advisers LLC and Dougherty Mortgage LLC, a multifamily lender. By the 30th anniversary in 2007, DFG and its related companies represented a mature diversified financial services leader with a national scope. At this point, nine Dougherty business units employed more than 250 people throughout the country.

Since 2007, company leaders have refined existing business units, created new ones and pursued strategic acquisitions to further penetrate markets and counterbalance cyclical business risks. While headcount growth has slowed, profitability and market share have increased significantly. Surviving the housing market collapse and lending shutdown of 2007-10 testified to the power of diversification achieved by the firm. Key business moves in the past decade included sales of The Clifton Group, Segall Bryant & Hamill and Somerset Asset Management, formation of Dougherty Equipment Finance LLC, Dougherty Real Estate Equity Advisors LLC and Dougherty Insurance Agency LLC, as well as the acquisition of Cronin & Co., Inc., a long-established bond broker. At its 40th anniversary in 2017, Dougherty Financial Group and its seven business units employ nearly 270 people across 26 offices in 16 states. The firm's market positions are strong and its leadership team is immensely capable to further grow and evolve the broad array of Dougherty businesses over the next 40 years.

1977

The Beginning: Dougherty, Dawkins, Strand & Ekstrom Inc. brokerage founded on 6/9/77.



1981

Brokerage name changes to Dougherty, Dawkins, Strand & Yost Incorporated.

DOUGHERTY, DAWKINS, STRAND & EKSTROM
INCORPORATED
ANNOUNCES THAT THE FIRM NAME HAS BEEN CHANGED
AND ITS OFFICES HAVE BEEN MOVED
DOUGHERTY, DAWKINS, STRAND & YOST
INCORPORATED
INVESTMENT BANKERS
790 LUMBER EXCHANGE BUILDING • MINNEAPOLIS, MINNESOTA 55401

Darryl Ekstrom retires.

1986

Significant Challenge:

Tax Reform Act of 1986 leads to 40% slash in municipal bond volume.



1979

Significant Challenge:

Fed Reserve policy change in Oct. '79 causes rapid interest rate rise and bond market collapse; firm's assets almost wiped-out.



1985

Voyageur FUNDS

Voyageur Fund Managers created, adding money management.

Alan Polsky joins firm.



DOUGHERTY FINANCIAL GROUP LLC –

1987

10th
Anniversary



"In Bonds We Trust"

1990

Gerry Kraut joins firm.

Michelle Sandberg joins firm.



1993

Mike Dougherty and partners buy back firm from Allied Group, Inc.


Dougherty Financial Group Inc. formed as holding company for all business units.

Ken Dawkins retires.

1995

Itasca Business Credit formed.

1989

 **Allied
Insurance**

Allied Group, Inc. acquires firm but provides \$1.8 billion to Voyageur Funds to manage; Mike Dougherty joins Allied Board.



1991

1991-92: Mike Dougherty serves as Chairman of the Public Securities Association, the industry's leading lobbyist.

1994

Segall Bryant & Hamill formed; key Chicago presence.

Significant Challenge:

First Fed Reserve rate increase in five years on 2/4/94 causes sharp drop in funds backed by adjustable rate mortgages; municipal derivatives market disappears for the brokerage firm.

1996

The Clifton Group Investment Management Company acquired.

The Clifton Group
Investment Management Company

Dougherty Funding LLC formed, creating bank-participation commercial lending platform.

40 YEARS OF GROWTH AND EVOLUTION

1997

20th Anniversary

Merger with Summit Investment Corporation triggers renaming to Dougherty Summit Securities LLC.

Voyageur Fund Managers sold to Lincoln National Corporation.

Voyageur Asset Management LLC formed.

1999

Gerry Kraut becomes CEO of Dougherty & Company LLC.



Itasca Business Credit sold.

Tom Strand retires.

2002



David Juran joins firm.



Jeff Jacobson joins firm.

2004

New business unit created to originate commercial leases.

1998

Venture capital fund, Dougherty Opportunity Fund I, established.

Hedge fund, Lakeside Investment Partners, founded.

Brokerage changes name to Dougherty & Company LLC.

2000

Equity Capital Markets division established to sell small cap stock research to money managers nationwide.

Sale of Voyageur Asset Management LLC.

2003

Formation of Somerset Asset Management LLC.

2006

Dougherty Mortgage LLC formed; Tim Larkin joins firm.



Dougherty Wealth Advisers LLC formed.

Significant Challenge:

Housing market collapse in '07 causes lending shutdown, halting bank participation loans for Dougherty Funding LLC.

2007

30th Anniversary

2012

Clifton Group Investment Management Company sold.

Somerset Asset Management LLC sold.

2015

Dougherty Real Estate Equity Advisors LLC formed; Andy Deckas joins firm.



2017

40 YEARS

Acquisition of Cronin & Co., Inc., a 43-year-old municipal bond firm with business complementary to Dougherty & Company LLC.

CRONIN & CO., INC.
FIXED INCOME SECURITIES

2008



Opportunistic acquisition of Wachovia Bank's HUD loan pipeline in Dallas.

Sam Butler joins Dougherty Mortgage LLC.

Dougherty Equipment Finance LLC started.

2014

Segall Bryant & Hamill sold.

2016

Dougherty Insurance Agency LLC formed.

DOUGHERTY COMPANIES TODAY

THE COMPLETE GROUP - 2017

Dougherty & Company
LLC

Dougherty Mortgage
LLC

Dougherty Funding
LLC

Dougherty
Financial Group
LLC

Dougherty Equipment
Finance LLC

Dougherty Wealth
Advisers LLC

Dougherty Insurance
Agency LLC

Dougherty Real Estate
Equity Advisors LLC

Dougherty Financial Group LLC – Headquartered in Downtown Minneapolis, Dougherty Financial Group LLC (DFG) is the holding company for the broader set of Dougherty companies, together comprising roughly 270 employees in 16 states, in all regions of the country.

Dougherty & Company LLC – Dougherty & Company LLC (DCO) is a registered securities broker-dealer with 40 years of experience, specializing in investment and capital-raising strategies to meet long-term objectives. DCO is a full-service investment banking and investment services firm with institutional and individual clients nationwide.

Dougherty Funding LLC – Dougherty Funding LLC (DF) specializes in the origination, funding and servicing of commercial real estate and equipment leasing nationwide. DF places loans as participations to an extensive network of community banks, helping them diversify their loan portfolios without compromising asset quality.

Dougherty Wealth Advisers LLC – Dougherty Wealth Advisers LLC (DWA) provides financial planning and tax management services to high-net-worth individuals and their families. DWA professionals work with clients at all stages of their lives.

Dougherty Mortgage LLC – Dougherty Mortgage LLC (DM) is a mortgage banking firm that specializes in financing conventional and affordable multifamily housing, seniors housing, student housing and healthcare facilities across the country. DM is an approved Fannie Mae DUS® lender and issuer and an FHA/HUD lender and GNMA issuer. DM is also a lender/partner with the USDA under the Community Facilities Guarantee Program.

Dougherty Equipment Finance LLC – Dougherty Equipment Finance LLC (DEF) originates, places and services equipment loans and leases that typically involve transportation, energy, manufacturing and other asset types.

Dougherty Real Estate Equity Advisors LLC – Dougherty Real Estate Equity Advisors LLC (DREA) is a real estate asset management company. DREA structures investment funds, underwrites and acquires properties and provides asset management services to equity investors.

Dougherty Insurance Agency LLC – Dougherty Insurance Agency LLC (DIA) is an insurance brokerage that provides commercial and personal lines, insurance solutions and products to organizations and individuals nationwide.

THE DOUGHERTY LEADERSHIP TEAM

SETTING THE COURSE FOR THE NEXT 40 YEARS

MEMBERS



Michael E. Dougherty – Founder, Dougherty & Company LLC; Chairman, Dougherty Financial Group LLC



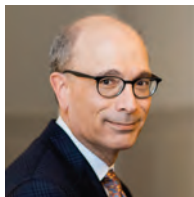
Gerry Kraut – CEO and President, Dougherty & Company LLC; Director and EVP, Dougherty Financial Group LLC; CEO, Dougherty Funding LLC; CEO, Dougherty Mortgage LLC; CEO, Dougherty Equipment Finance LLC; CEO, Dougherty Wealth Advisers LLC; CEO and President, Dougherty Insurance Agency LLC



David Juran – Director, Dougherty Financial Group LLC; EVP – Public Finance, Dougherty & Company LLC; President, Dougherty Funding LLC; President and COO, Dougherty Mortgage LLC; President, Dougherty Equipment Finance LLC; CEO, Dougherty Real Estate Equity Advisors LLC



Michelle Sandberg – Director, EVP, Secretary, Treasurer and CFO, Dougherty Financial Group LLC; EVP, Secretary, Treasurer and CFO, Dougherty & Company LLC; EVP, Secretary, Treasurer and CFO, Dougherty Funding LLC; Secretary and Treasurer, Dougherty Equipment Finance LLC; Secretary, Treasurer and CFO, Dougherty Mortgage LLC; Secretary and Treasurer, Dougherty Wealth Advisers LLC; CFO and Secretary, Dougherty Insurance Agency LLC



Alan Polsky – Senior Vice President – Institutional Fixed Income Sales, Dougherty & Company LLC



Tim Larkin – Senior Vice President, Dougherty Mortgage LLC

SENIOR EXECUTIVES

Jon Banyard – Senior Vice President, Chief Credit Officer and Fannie Mae Chief Underwriter, Dougherty Mortgage LLC

Greg Bolin – Senior Vice President, Dougherty Funding LLC

Anthony Budniak – Senior Vice President – Municipal High Yield Trading, Dougherty & Company LLC

Sam Butler – Executive Vice President and HUD/FHA Production Manager, Dougherty Mortgage LLC

Ben Cooper – Senior Vice President and Insurance Agency Manager, Dougherty Insurance Agency LLC

Andy Deckas – Executive Vice President, Dougherty Real Estate Equity Advisors LLC

Deborah Hable – Vice President – Operations, Dougherty & Company LLC

Jay Hiniker, III – Senior Vice President – Corporate Development & Municipal Sales, Dougherty & Company LLC

Jeff Jacobson – Executive Vice President – Private Client Group, Dougherty & Company LLC; Executive Vice President, Dougherty Funding LLC; Executive Vice President, Dougherty Equipment Finance LLC; President, Dougherty Wealth Advisers LLC

Mike McMahon – Senior Vice President – Municipal Trading, Dougherty & Company LLC

Steven McWhirter – Executive Vice President – Taxable Trading, Dougherty & Company LLC

Dave Mullen – Senior Vice President and Director of Public Finance, Dougherty & Company LLC

Roger Norris – Senior Vice President – Compliance, Dougherty & Company LLC

Chuck Patenaude – Senior Vice President and Fannie Mae Production Manager, Dougherty Mortgage LLC

Bob Schnell – Senior Vice President – Equity Capital Markets, Dougherty & Company LLC

Joe Sullivan – Senior Vice President – Investment Banking and Corporate Finance, Dougherty & Company LLC

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