

# About EquityCompass



*Enduring Investment  
Strategies for a  
Dynamic Global  
Economy*





# About EquityCompass



EquityCompass Investment Management, LLC (“EquityCompass”) is a Baltimore-based SEC registered investment adviser offering a broad range of portfolio strategies for individuals, financial intermediaries, and institutional clients in the U.S. The firm began managing investments in January 2006. Formally organized in 2008, EquityCompass provides portfolio strategies with respect to total assets over \$4.9 billion as of March 31, 2022.\*

EquityCompass and its team of professionals represent deep industry experience in security analysis, capital markets, and portfolio management. We are committed to a consistent and sustainable investment process that relies on enduring principles, sound empirical reasoning, and the recognition of a dynamic investment environment with a global reach.

(\*) Total assets combines both Assets Under Management and Assets Under Advisement. Assets Under Management represents the aggregate fair value of all discretionary and non-discretionary assets, including fee-paying and non-fee paying portfolios. Assets Under Advisement represents advisory-only assets where the firm provides a model portfolio and does not have trading authority over the assets.

## Extensive Investment Experience

- ▶ The investment team, led by Robert Hagstrom, CIO, represents deep industry experience in security analysis, capital markets, and portfolio management
- ▶ Average Senior Portfolio Manager industry experience of over 25 years
- ▶ Founded by Richard Cripps — former Managing Director of Portfolio Strategy at Stifel and former Chief Market Strategist and Co-Chairman of the investment committee at Legg Mason Wood Walker, Inc.

# Mission Statement



At EquityCompass, our mission as an asset management company is to provide investment solutions that address the needs of clients accumulating, preserving, and decumulating wealth. We aim to accomplish these goals with an organizational culture that prizes intellectual honesty, open dialogue among colleagues, and a commitment to continually improve ourselves and the investment process.

Our investment approach relies on establishing a consistent and repeatable methodology for each of our stated portfolio objectives. We strive for an investment process that comports with relevant capital market theories, validates from independent empirical testing, and incorporates active portfolio involvement from experienced professionals.

Our focused portfolio strategies are purposely diversified and employ bottom-up, fundamentally based stock selection. Financial strength is measured based on the economic factors of cash flows and returns on invested capital. We seek to align with companies and management who have the “will and ability” to sustain and grow cash flows for dividend payments or to be reinvested back into the company for long-term economic compounding. Quantitatively, we seek to identify temporary mispricing and measure quality from non-price-sensitive criteria. We have a fiduciary responsibility to clients, partnership responsibility with Financial Advisors, and responsibility among ourselves to be supportive, dependable, and trustworthy.





# The Drive for Successful Performance

While investment results over time are a result of factors such as asset allocation, risk tolerance, and time horizon, successful performance can be attributed to the investment process or decision-making that helps guide a portfolio to achieving financial goals. At EquityCompass, we dedicate a great deal of time to the investment process because we believe thoroughly researched and consistently applied decision making has the greatest likelihood of producing successful performance.

Investing embodies a set of accepted principles such as diversification, intrinsic value analysis, and financial risk assessment. While these principles endure, they also evolve in the context of a competitive marketplace and global economy driven by technological and political change. Beyond accepted principles, investing is also a challenge of qualitative and behavioral factors that can be both opportunistic and expose potential pitfalls to successful performance.

Passive approaches minimize the investment process by replicating an index and following the lead of the marketplace. At EquityCompass, we believe successful investing is purposeful and likely to produce the desired results if directed with thorough research, thoughtful judgment, and consistent decision making.

Diversification and asset allocation do not ensure a profit or protect against loss.

- ▶ Incorporates fundamental, technical, and behavioral insights evolving from original research by EquityCompass professionals.
- ▶ Portfolios are designed to focus on stock selection while incorporating rigorous risk management strategies.
- ▶ The investment team collaborates to leverage ideas, research, and expertise in making investment decisions on all strategies.

# Investment Philosophy & Process

## Investment Approach

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Key to successful, long-term investing is good and consistent decision making derived from sound investment principles, research, and focused qualitative analysis. Informed decision making may help to minimize behavioral mistakes and reliance on macro forecasting. At EquityCompass, we seek to apply good decision making to all aspects of the investment process from stock selection to portfolio management.

## Investment Decision-Making

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We statistically evaluate and continually monitor equity fundamentals and price behavior of over 3,200 stocks based on investment themes that have demonstrated the ability to contribute to excess returns.

The objective of the statistical analysis is to identify a target list of stocks with the greatest probability of achieving portfolio objectives. Our senior portfolio managers develop qualitative criteria for final stock selection within the target universe.

The aim of our approach is to combine quantitative discipline and qualitative focus to provide value-added stock selection to pursue portfolio objectives.

## Portfolio Oversight

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While senior portfolio managers oversee stock selection within portfolios, the Chief Investment Officer (CIO) sets explicit parameters for portfolio construction. First and foremost, our portfolios have the responsibility of addressing their expected risk and reward performance consistent with their investment objective. To do this, we utilize an approach that is focused on stock selection, diversified by sector, and equal-weighted positions that are periodically rebalanced.





# Investment Portfolios & Strategies

## U.S. Equity

### Quality Dividend Portfolio (QDIV)

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Focused portfolio of high-quality, high-yielding stocks that seeks to provide the highest possible dividend yield within the constraints of quality, capital preservation, and diversification.

### High-Dividend Portfolio (HDP)

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Seeks to generate high current income with dividend growth covering inflation and a yield competitive with high-yield corporate bonds.

### Select Quality Growth & Income Portfolio (SGLT)

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Sector balanced portfolio seeking to invest in high-quality, underpriced stocks with favorable value and price momentum characteristics.

## Global Equity

### Global Leaders Portfolio (GLP)

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Focused portfolio of leading global companies designed to benefit from the unprecedented growth in worldwide consumer demand.

## Fixed Income

### Core Fixed Income Portfolio (CFI)

### Municipal Income Enhanced Portfolio (MIEP)

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Fixed income strategy utilizing exchange traded funds (ETFs) to seek capital preservation, return stability, and supplemental income as part of a diversified investment portfolio. With MIEP, the fixed income component is allocated to tax-advantaged investments.

## Core Portfolios

### Core Retirement Portfolio (CRP)

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Comprehensive 75/25 stock/bond portfolio that seeks to provide reliable income and capital appreciation to fund lifetime retirement withdrawals.

### Core Investment Portfolio (CIP)

### Core Investment Portfolio—Tax-Advantaged (MCIP)

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Comprehensive 75/25 stock/bond portfolio that seeks to provide long-term capital appreciation while seeking to mitigate risk against bear market drawdowns. With MCIP, the fixed income component is allocated to municipal strategies and tax-advantaged investments.

### Core Balanced Portfolio (CBAL)

### Core Balanced Portfolio—Tax-Advantaged (MCBAL)

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Balanced 60/40 stock/bond strategy that seeks to effectively capture market returns while minimizing volatility. With MCBAL, the fixed income component is allocated to municipal strategies and tax-advantaged investments.

## Alternative Strategies

### Equity Risk Management Strategy (ERMS)

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Tactical allocation strategy that seeks to adjust a portfolio's equity exposure to potentially provide downside risk mitigation and help control exposure to volatility.

**We are a team of experienced, successful, and committed investment professionals. We recognize the value of diverse thinking and experiences, curiosity, open dialogue, and mutual support. Our formula is to seek individuals who are passionate about investing and who are willing to engage in a diligent and collaborative effort to produce successful results.**



**Richard E. Cripps, CFA**

Senior Investment Strategist

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Richard founded EquityCompass in 2008. His prior responsibilities include Managing Director of the Portfolio Strategy Group at Stifel Research and Chief Market Strategist and Co-chairman of the investment committee at Legg Mason Wood Walker, Inc. He began his career in 1979 as a Financial Advisor with Legg Mason.

The EquityCompass investment philosophy and process were developed by Richard from his broad industry experience authoring numerous investment-related research studies, creating and monitoring portfolio models, and participating in Economic forums that include the White House on policy implications of corporate dividend taxation.

Richard has a B.B.A. in Finance from James Madison University where he was also a member of Executive Business Council. He is also a CFA charter holder and member of the Baltimore Security Analyst Society.



**Christopher M. Mutascio**

Senior Managing Director

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Chris joined EquityCompass in May 2018 as a Managing Director. He manages the High-Dividend Portfolio and the Equity Risk Management Strategy. Prior to joining the EquityCompass team, Chris was Associate Director of Stifel's U.S. Equity Research department, senior bank analyst with KBW, and a director of large cap traditional bank research for Credit Suisse. Previously he spent seven years with Legg Mason, where he was a managing director and the company's senior bank analyst. He began his career as a federal bank regulator with the Office of the Comptroller of the Currency, where he worked for six years, rising to the level of national bank examiner.

Chris has an M.B.A. from Loyola University Maryland and an undergraduate degree from Gettysburg College.



## Robert G. Hagstrom, CFA

Chief Investment Officer

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Robert is Chief Investment Officer of EquityCompass and Senior Portfolio Manager of the Global Leaders Portfolio launched in July 2014. He joined EquityCompass in April 2014 and was appointed Chief Investment Officer in March 2019.

Robert has more than 30 years of investment experience. Prior to joining EquityCompass, he was Chief Investment Strategist at Legg Mason Investment Counsel, and before that, the Portfolio Manager of the Growth Equity Strategy at Legg Mason Capital Management for 14 years where he managed \$7 billion in assets.

Robert is the author of ten investment books including The New York Times Best Seller, *The Warren Buffett Way*. In addition, Robert wrote, *Investing: The Last Liberal Art*, a multidiscipline examination of investing and decision making. His latest book, published in 2021, is *Warren Buffett: Inside the Ultimate Money Mind*.

Robert earned his Bachelor's and Master's of Arts degrees from Villanova University. He is a Chartered Financial Analyst, a member of the CFA Institute, and the CFA Society of Philadelphia. Robert is also a member of the Global Interdependence Center.



## Thomas P. Mulroy

Senior Portfolio Manager

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Tom joined EquityCompass in September 2017 and serves as Executive Vice President and Senior Portfolio Manager for the Quality Dividend Portfolio. He has held various senior executive positions with Stifel since he joined the firm in 2005, including operating and policy involvement for capital commitment, equity and fixed income trading, enterprise risk management, and investment research. His most recent position was Co-President and Co-Director of the Institutional Group at Stifel, Nicolaus & Company, Incorporated. Tom served as a member of Stifel Financial Corp. Board of Directors as well as his predecessor firm, Legg Mason Wood Walker, Inc.

Tom holds a B.S. in Finance from Ithaca College and an M.B.A. in Finance from American University.



## Bernard J. Kavanagh III, CMT®

Senior Portfolio Manager

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Bernie is a senior member of the investment management team responsible for developing and researching EquityCompass' portfolio strategies. He also writes extensively on market and portfolio strategy. Prior to joining EquityCompass in May 2011, Bernie was a member of Stifel's Institutional Equity Sales group from the time Stifel acquired Legg Mason's Capital Markets Group in December of 2005. At Legg Mason, Bernie began his career in May 2000 as an associate in the Equity Marketing and Strategy Group. Prior to Legg Mason, he was an associate at T. Rowe Price beginning in 1997.

Bernie has a Master of Science in Finance from Loyola University Maryland and a B.S. from Rutgers University. He holds the Chartered Market Technician designation.



### **Timothy M. McCann**

Senior Portfolio Manager

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Tim is a Senior Portfolio Manager for the Core Balanced Portfolio and the Equity Risk Management Strategy. He is also responsible for the firm's extensive investment research and new product development. Tim joined the Legg Mason equity marketing department in 2002 as a quantitative analyst and arrived at Stifel as part of the acquisition of Legg Mason's Capital Markets Group in December 2005. He led the efforts to develop, refine, and implement the EquityCompass proprietary quantitative models and rules-based investment strategies. He was appointed Portfolio Manager in 2006 and promoted to Senior Portfolio Manager in 2008 overseeing all EquityCompass multi-strategy portfolios.

Previously, he worked for Morgan Stanley and UBS Securities (via PaineWebber) in various positions.

Tim has a B.A. in business from The College of Notre Dame of Maryland.



### **Michael S. Scherer**

Senior Portfolio Manager

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Mike is the Senior Portfolio Manager of the Select Quality Growth & Income Portfolio and co-manager of the Quality Dividend Portfolio. He is a senior member of the team responsible for developing and researching quantitative portfolio strategies. Mike has written extensively on market strategy and works closely with Stifel financial advisors educating them on EquityCompass investment portfolios and products. He joined the Legg Mason Equity Marketing department in 2000 and arrived at Stifel as part of the acquisition of Legg Mason's Capital Markets Group in December 2005.

Mike has an M.B.A. in Finance from Loyola University Maryland and a B.A. from the College of William & Mary with a concentration in government.



### **James J. DeMasi, CFA**

Senior Portfolio Manager

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Jim joined EquityCompass in July 2019 as a Senior Portfolio Manager for the Core Fixed Income Portfolio, Municipal Income Enhanced Portfolio, and co-manager of the High-Dividend Portfolio. Prior to joining the team, Jim served as the Chief Fixed Income Strategist at Stifel, Nicolaus & Company, Incorporated for 12 years. At Stifel, Jim created investment portfolio and risk management strategies for the firm's institutional fixed income clients. He published several periodic strategy reports on the fixed income markets, including Bond Market Weekly and Alpha Advisor. Previously, he spent five years at Legg Mason as a fixed income strategist and 13 years at the Federal Deposit Insurance Corporation (FDIC) in bank supervision. His FDIC career included roles as a bank examiner, bond analyst, and senior capital markets specialist.

Jim has a B.S.B.A. in Finance from West Virginia University. He is also a CFA charter holder and member of the Baltimore Security Analyst Society.



## **Lauren E. Loughlin**

Associate Portfolio Manager

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Lauren is an Associate Portfolio Manager at EquityCompass. She joined the team in May 2014 and helps manage the Global Leaders Portfolio. Lauren is involved in all aspects of the portfolio management process, including investment research and analysis, portfolio strategy, stock selection, product marketing, asset and performance measurement, and client communications. She also leads the women's investing initiative at EquityCompass, has hosted several client events focused on women investors, and has written extensively on the topic. Prior to joining EquityCompass, Lauren was a member of the Stifel Institutional Equity Sales group, and she also previously worked at Morgan Stanley as an analyst in equity derivative client service.

Lauren graduated magna cum laude with a B.S. in business administration from Washington and Lee University.



## **Bobby Thomas**

Director of Strategy & Operations

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Bobby joined EquityCompass in January 2009. He is primarily focused on building relationships to improve the distribution network for the group's quantitative investment strategies and products. He is also responsible for developing the solutions and customized products that EquityCompass provides to its clients. Prior to joining EquityCompass, Bobby was an Associate in the investment banking practice, also at Stifel, where he was responsible for the transaction execution of mergers and acquisitions and public and private capital-raising transactions.

Bobby has an M.B.A. from the University of Chicago Booth School of Business.



## **Anthony P. Cersosimo**

Quantitative Analyst

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Anthony joined the EquityCompass team in February 2017. He first began his career in Westport, CT working for a small buy-side money management business, Birinyi Associates. Working directly under long-time market strategist Laszlo Birinyi, he constructed short-term trading models, generated short term trading opportunities, and drafted market research bulletins for investors. Currently Anthony is responsible for managing the set of quantitative models that drive security selection at EquityCompass.

Anthony graduated from Fairfield University in Connecticut with a B.S. in Finance.



**Samuel W. Cripps**

Portfolio Analyst

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Sam joined EquityCompass in June 2017. He has over seven years of sales experience in Financial Services, including his most recent position at Harborside Group where he worked as a mutual fund wholesaler. Sam began his career at Mutual of Omaha and worked there for two years before transitioning to Northwestern Mutual for another two years.

Sam has a B.A. in Finance from the University of Mississippi.



**Kenya Overstreet**

Marketing & Publication Coordinator

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Kenya joined Stifel in December of 2005 with the acquisition of Legg Mason’s Capital Markets Group. She is responsible for preparation of electronic and print communications, broker client service, and marketing support. She began her career in the Equity Marketing department of Legg Mason in 1989 and has been a key member to the groups that Richard Cripps headed as chief market strategist at Legg Mason and at Stifel.

Kenya attended the Maryland Institute College of Art.



**Felicia Andrews**

Administrative Assistant

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Felicia joined the EquityCompass team in April 2019. She facilitates the operations of the day-to-day department activities and provides administrative and clerical support to the EquityCompass team. Previously, she worked for Bank of America as a client service representative.



**Mike Spero, IACCP®**

Chief Compliance Officer

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Mike joined the firm’s parent company, Stifel Financial Corp., in April 2021 where he serves as Deputy Chief Compliance Officer. He has more than 20 years of experience in financial services compliance, including compliance positions with UBS, J.P. Morgan, and Freddie Mac.

Mike has a B.A. from Boston University and is an Investment Adviser Certified Compliance Professional (IACCP®).





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At EquityCompass, our investment professionals share a combined experience well over 200 years. We have witnessed both good and bad markets. Regardless of the backdrop, our investment process is embedded in the fundamental principles that have shown to produce returns in alignment with financial objectives. Perhaps most importantly, we are invested alongside clients among our own portfolios and strategies.

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# Important Disclosures



EquityCompass is a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. Registration with the SEC does not imply a certain level of skill or training. For information about Stifel's advisory programs, including fee structures, please contact your Financial Advisor to request a copy of the Stifel Form ADV Part 2A or equivalent disclosure brochure. Affiliates of EquityCompass may, at times, release written or oral commentary, technical analysis, or trading strategies that differ from the opinions expressed within. All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. It is important to review your investment objectives, risk tolerance, and liquidity needs before choosing an investment style or manager. Equity investments are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors to varying degrees. Fixed Income investments are subject to market, market liquidity, issuer, investment style, interest rate, credit quality, and call risks, among other factors to varying degrees.

***Exchange Traded Funds (ETFs) are subject to market risk, including the possible loss of principal, and may trade for less than their net asset value. ETFs trade like a stock, and there will be brokerage commissions associated with buying and selling exchange traded funds unless trading occurs in a fee-based account. Investors should consider an ETF's investment objective, risks, charges, and expenses carefully before investing. The ETF prospectus, which contains this and other important information, is available from your Financial Advisor and should be read carefully before investing.***

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