

A | C | R  
alpine capital research



## **ACR ALPINE CAPITAL RESEARCH**

A fundamental valuation-based asset management firm whose mission is to protect and maximize investors' purchasing power.

[www.acr-invest.com](http://www.acr-invest.com)



## WHO WE ARE

- Founded in 1999 by Nick Tompras, author of its investment principles and developer of its core investment strategy
- Fundamental, valuation-based asset management firm that builds and manages concentrated, public-equity portfolios
- Exclusively serves financial intermediaries and institutional clients
- Built today on the strength and knowledge of its investment professionals, who continually work to achieve research and valuation excellence

**ACR's mission is to protect and maximize our investors' purchasing power through integrity with fundamental investment principles and excellence in valuation and communication.**



## AN ACCOMPLISHED TEAM

### Boutique Culture, Independent Ownership, Collaborative Team Approach

ACR's Investment Team is a tight-knit group of talented professionals with 20+ years of experience who are driven by integrity, excellence and valuation-based investment principles. Core competencies of the team include the:

- Ability to render quality valuations
- Emotional discipline to remain committed to value
- Unique ability to anticipate and avoid critical risks while quickly assessing how business characteristics unfold into results

We are relentless about picking the right companies while employing broad-strategy mandates with a large selection universe resulting in concentrated, absolute-return, best-idea portfolios. We insist on closing strategies at the right scale to ensure long-term success. Investment Team members invest substantially all of their capital alongside our investors.



## CORE PRINCIPLES

### **Fundamental value and risk are our focus when evaluating investments.**

We have a relentless focus on fundamental (intrinsic) value and risk. We believe our investment philosophy is rooted in principles essential for successfully evaluating fundamental value and risk.

### **We insist on quality with a margin of safety.**

Portfolio quality requirements consist of margin of safety, durable fundamental value and reliable return on investment, which we believe contribute to a portfolio capable of withstanding severe economic conditions.

### **We only invest in what we understand.**

We have a true understanding that is built on high probability statements about enterprise and security values.

### **Diversification and concentration are balanced with knowledge.**

Diversification and concentration are balanced with knowledge in our efforts for risk reduction and value enhancement.

### **Communication is essential for intelligent investor decision-making.**

Thorough and timely communication helps in evaluating manager competence and greatly reduces the risk of an investor making a rash decision.

### **QUALITY WITH A MARGIN OF SAFETY**

A quantifiable margin of safety is the hallmark of a quality investment. The fundamental value of a company must be significantly greater than its price. Market price is not a barometer ACR uses to evaluate corporate performance. Fundamental value is the only reference point for what an investment is worth, and, therefore, whether the market price is fair, high, or low.



# INVESTMENT STRATEGIES

**ACR's investment strategies are a direct outgrowth of our mission, values and principles. Our strategies have three common objectives:**

- Protect capital from impairment
- Generate a satisfactory absolute return in the long-term
- Exceed the strategy benchmark in the long-term

## **Equity Quality Return (EQR) Strategy (Separately Managed Account)**

- Flagship strategy with proven track record since April 2000
- Capital protection and absolute return demonstrated during low-return periods
- Record of underwriting success between long-term return forecast and actual results

## **Multi-Strategy Quality Return (Mutual Fund: MQRX) Multi-Strategy Quality Return, L.P. (Private Fund)**

- Unusually wide mandate allows for highly selective portfolio
- Bottom-up valuation framework across asset classes

## **International Quality Return (Mutual Fund: IQRX)**

- Lead portfolio manager with proven record on ACR's flagship strategy
- Ability to concentrate in undervalued pockets of international markets

## **ACR Strategic Credit (Private Fund)**

- Margin of safety and capital preservation is the primary objective.
- Compounding our investors' capital above our cost of capital throughout a full cycle of expanding and contracting market prices the second objective
- Expect to produce a compelling risk/return profile underscored by long-term, full cycle, net of fee, absolute returns

*Note: Not all products are available on all platforms.*

## ACR'S KEY ATTRIBUTES

Over the years, the ACR team has developed a unique combination of investment strategy cultural attributes, which we believe represent an enduring competitive advantage:

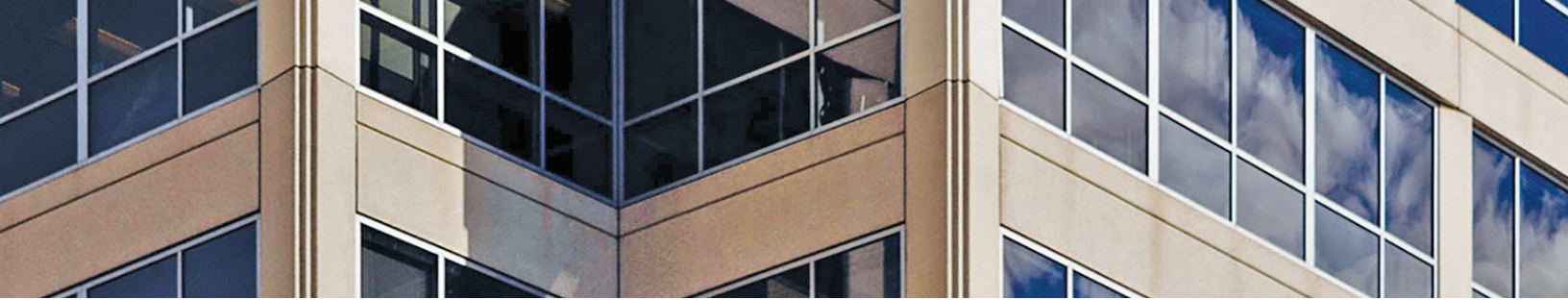
- 01 Integrity with the primary objective of capital protection.
- 02 Focus on fundamental value with a long-term investment horizon.
- 03 Absolute value/return over relative value/return.
- 04 Unconstrained strategy mandates with a broad strategy selection universe.
- 05 Relentless patience, concentrated portfolios, and excess cash when opportunity is scarce.
- 06 Closing strategies at the right scale.
- 07 The “value ethic”—a passion for great performance over asset gathering.
- 08 A culture of employee owner-operators who care deeply about getting things right.
- 09 The courage and discipline to continuously hire “people who are bigger than we are.”
- 10 Creative freedom and meritocratic incentives, which attract superior talent.
- 11 Portfolio managers who invest substantially all of their capital alongside our investors.
- 12 Investors who share our values and allow us to execute on our long-term strategy.

The ACR team is very focused and passionate about cultivating and building out these attributes in the coming years.



*“Our job is to protect and maximize the purchasing power of the assets under our stewardship.”*

*- Nick Tompras, founder, CEO and CIO*



# SELECTED MARKETING MATERIALS

**ACR**  
ALPINE CAPITAL RESEARCH

**The 2021 Bear Market: Volatility and True Loss**

Forty-year inflation highs and Chairman Powell's best Paul Volcker impression gave markets a case of 1970's stagflation déjà vu in the second quarter. Spoiled market participants responded by pushing the S&P 500 into bear market territory with just over a 20% decline. ACR strategy results can be found at <https://www.acr.com/insights>.

Investors who purchased companies with sound cash profits at reasonable prices and ignored their portfolio of excessively priced companies along the way need not worry. They can safely ignore today's price declines as the fundamental value of their portfolio is rising with the accumulation of earnings, and since they avoided overpaying at price extremes. Unfortunately, many investors in recent years purchased companies at inflated prices compounded by further price gains, which are now proving ephemeral.

How do you know which type of investor you are? The investment industry does not give investors the tools to study these things because it's very difficult to do. One important step is to know whether the prices of the companies you own are reasonable to understand their earnings and earnings growth. ACR has always done our best to communicate the best and nature of the underlying growth of our companies. On that score, our [2021 Q2 commentary](https://www.acr.com/insights) showed the earnings and price development of our Equity Quality Return (EQR) strategy companies and the S&P 500 over the past 10 years.

**EQR vs. S&P 500: Price and Earnings 2012-2021**

Source: ACR and Standard & Poor's

The charts above show the increase in corporate earnings and market price for both the EQR strategy and S&P 500 from 2012 through 2021. Earnings growth is calculated as the earnings per share (EPS) multiplied by the constant price at the beginning and ending periods. Price growth for the EQR strategy is calculated by multiplying the price and divided amount by the purchase price return.

Source: ACR and Standard & Poor's

- Prices have risen much faster than fundamental values for the S&P 500 and other major indices since 2012.
- ACR's pruned portfolios of their valuation risk while capturing additional earnings power and fundamental value.
- Earnings development of 195% for ACR's Equity Quality Return strategy and 120% for the S&P 500 demonstrates the fundamental value ACR has generated compared to the market.
- ACR's Equity Quality Return (EQR) strategy has generated more fundamental value than the market over the past 10 years.

See page 2 for important disclosures.

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QUARTERLY COMMENTARY

**ACR**  
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**ACR ALPINE CAPITAL RESEARCH**  
ACR MARKET UPDATE AND COMMENTARY

MARCH 2021

PERIODIC VIDEO UPDATES

**Pruning Risk, Creating Value**

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ALPINE CAPITAL RESEARCH

Investors can successfully manage risk if they understand the fundamental value of their holdings and carefully prune portfolios of high-priced assets while simultaneously creating value via replacement with undervalued assets.

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SALES IDEAS

**ACR Alpine Capital Research, LLC**  
ACR Followers

Forty-year inflation highs and Chairman Powell's best Paul Volcker impression gave markets a case of 1970's stagflation déjà vu in the second quarter. As discussed in our Q2 commentary, ACR believes that investors who pu... see more

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