

A | C | R  
alpine capital research

# **EQUITY QUALITY RETURN (EQR) STRATEGY**

ACR's flagship strategy with a proven track record since April 2000





## 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.



# **EQUITY QUALITY RETURN (EQR): ACR'S FLAGSHIP STRATEGY**

**ACR's investment strategies are a direct outgrowth  
of our mission, values and principles.**

## **EQR Objectives**

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

## **EQR Strategy**

- 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



# **EQR: EXECUTIVE SUMMARY**

## **INVESTOR PROFILE**

- More concerned about long-term capital protection than short-term market volatility
- Unconstrained by market-cap limitation or segmentation
- Absolute return-oriented rather than benchmark-centric
- Portfolio positioning to protect from steep market declines
- Sensitive to after-tax returns (low turnover approach)

## **FEATURES**

- 20-stock target
- Bottom-up fundamental value
- Multi-cap with quality discipline
- Low turnover
- Liquid reserve when opportunity is limited
- US-focused with up to 20% international
- Dual benchmarks: absolute return and S&P 500
- Lower correlation to index than traditional equity strategies



# INVESTMENT PROCESS

Focused on Uncovering Exceptional Value

## KEY CRITERIA

### Business Quality

- Reliable long-term cash income generation
- Sound competitive position
- Competent and forthright management

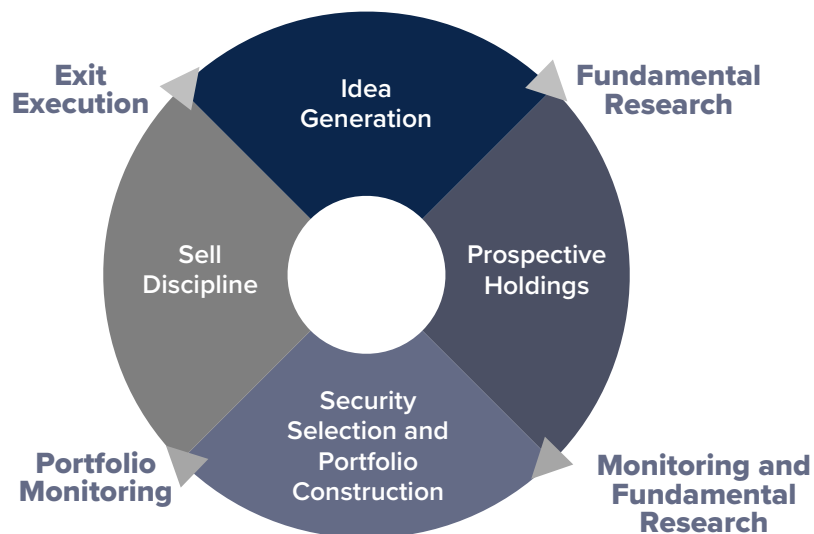
### Financial Quality

- Debt serviceable regardless of economic conditions
- Capital productively employed or returned to shareholders

### Undervalued Share Price

- Stock price significantly below our appraisal of fundamental value (margin of safety)
- High probability of achieving required absolute return

## DISCIPLINED, REPEATABLE PROCESS



# HIGH-CONVICTION, BEST-IDEAS EQUITY STRATEGY

## **Non-Style Box Obedient Strategy**

- Valuation focus with quality bias and absolute-return orientation
- Unconstrained by market-cap segmentation; concentrated, low-turnover portfolios
- High conviction holdings through bottom-up selection
- Patient deployment of capital

## **Organized to Serve a Discerning Client Base**

- Established boutique (20+ year history)
- Collaborative, research-intensive investment culture
- Client-centric administration (capacity limits/transparency)

## **Protection from Capital Impairment**

- Risk is the possibility of an unsatisfactory return due to the permanent impairment of capital
- Invests in top-tier quality companies that can survive an economic depression
- Generates a satisfactory return based on the sustainable earnings power of our companies and the prices paid for them
- Quality cash flows purchased with a margin of safety are essential for capital protection



# DISTINGUISHING CHARACTERISTICS

## **Investment Performance**

Focus on fundamental value in a marketplace that confuses market price volatility with fundamental value volatility

## **Structural Selection Advantage**

Best ideas; non-tracking error constrained portfolio with a target of 20 companies

## **Time Arbitrage**

True long-term orientation vs. focus on short-term outcomes

## **Buy and Sell with a Margin of Safety**

Entry price discipline to not overpay for an asset

## **Absolute Return Focus**

History of delivering low double-digit annualized 10-year calendar returns in excess of most investors' minimum thresholds or needs

## **Risk Control**

Will not force cash to work at speculative prices

## **Size Limitation; committed to closing strategy at specific asset levels**

Allows for a larger universe of stocks and focused portfolio providing a margin of safety for continued outperformance



## 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:

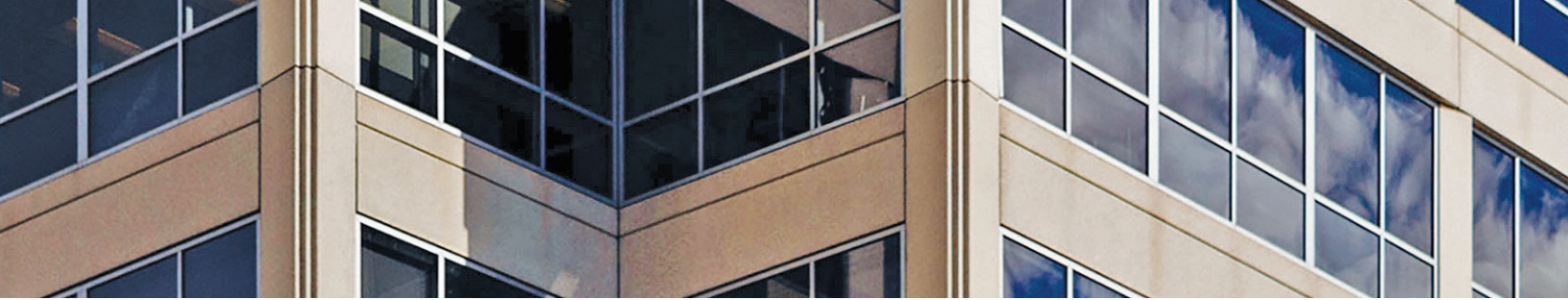
- 01 Integrity with the primary objective of capital protection.
- 02 Focus on fundamental value with a long-term investment horizon.
- 03 Absolute value/return over relative value/return.
- 04 Unconstrained strategy mandates with a broad strategy selection universe.
- 05 Relentless patience, concentrated 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

PRODUCT LITERATURE

QUARTERLY COMMENTARY

SLIDE DECK, UPDATED QUARTERLY

SALES IDEAS

PERIODIC VIDEO UPDATES

SOCIAL MEDIA  
LinkedIn



---

**ACR Alpine Capital Research**

190 Carondelet Plaza  
Suite 1300  
St. Louis, MO 63105

[info@acr-invest.com](mailto:info@acr-invest.com)  
[acr-invest.com](http://acr-invest.com)

