



**EquityCompass Investment Management, LLC**

**Part 2A of Form ADV  
Firm Brochure**

March 28, 2024

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This brochure provides information about the qualifications and business practices of EquityCompass Investment Management, LLC ("EquityCompass"). If you have any questions about the contents of this brochure, please contact the firm's Compliance Department at (301) 941-2439. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about EquityCompass also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

EquityCompass Inc. is a registered investment adviser. An investment adviser's registration with the SEC does not imply any level of skill or training.

## **Item 2 – Material Changes**

EquityCompass is providing this annual amendment as of March 28, 2024. EquityCompass' last annual amendment was made March 31, 2023. This brochure has been updated to reflect the following:

- Item 4 Advisory Business has been updated to reflect that EquityCompass no longer provides non-discretionary investment management services to First Trust Advisors L.P. and the First Trust Exchange-Traded Fund VIII for the EquityCompass Risk Manager ETF.
- Item 5 Fees and Compensation has been updated to clarify annual management fee billing practices for EquityCompass strategies on affiliated and non-affiliated platforms.

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## Item 4 – Advisory Business

### Firm Description

EquityCompass Investment Management, LLC (“EquityCompass”, “we”, “us”, “our”, the “Firm”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”). EquityCompass provides portfolio strategies and investment research to financial intermediaries and institutions in the United States. EquityCompass was organized as an entity in 2007, and has been registered with the SEC since May 5, 2008.

### Principal owners

EquityCompass is a wholly owned subsidiary of Stifel Financial Corp., (“Stifel”). Stifel is a financial services holding company whose stock is publicly traded on the New York Stock Exchange under the symbol SF.

EquityCompass is managed on a day-to-day basis by Senior Managing Director Chris Mutascio, Chief Investment Officer Robert Hagstrom, and Senior Investment Strategist Richard Cripps.

### Type of Advisory Services

EquityCompass offers a broad range of investment strategies through non-discretionary and discretionary investment services (“Services”), including:

- *Non-Discretionary Investment Management Services:* EquityCompass offers non-discretionary investment advisory services in the form of model portfolios that are based on research-driven, rules based investment process, which merges traditional investment theory with quantitative techniques. These model portfolios are provided to other financial institutions in the U.S. (“Sponsoring Firms” or “Sponsors”), including our affiliate Stifel, Nicolaus & Company, Incorporated (“SNCI”). In turn, these Sponsoring Firms use our model portfolios to manage their individual client accounts. There is no requirement that the models will be administered as they are provided, or at all, and we do not trade or supervise the Sponsoring Firm’s administration or implementation of the models. We are paid a fee by the Sponsoring Firm based on the assets invested in the model portfolios and are typically included in the asset-based advisory fee that the Sponsor collects from their clients.
- *Discretionary Investment Management Services:* EquityCompass acts as an investment manager to an open-end mutual fund, the Quality Dividend Fund, a series of the FundVantage Series Trust. Information about this fund can be found on EquityCompass’s website, [www.equitycompass.com](http://www.equitycompass.com). EquityCompass also provides discretionary management services to clients within wrap fee programs offered by other financial institutions in the U.S. (each a “Wrap Sponsor”), including our affiliate, SNCI. Clients participating in separately managed account programs may be charged various program fees by the Wrap Sponsor in addition to the advisory fee charged by us. We manage wrap accounts in accordance with client investment policies and will use reasonably available resources to comply with investment restrictions, when applicable. There may be differences in the performance of individual accounts among EquityCompass clients, resulting from differences in the number of securities held in the portfolio, cash availability, investment restrictions, account sizes, tax considerations, and other factors.

EquityCompass is a discretionary investment manager to clients of affiliated and non-affiliated

financial institutions that select EquityCompass to manage their client's assets. Such clients are considered "dual contract" clients because the client will have a contractual relationship, which includes custodial services, directly with their financial institution (each, a "Dual Contract platform") and with EquityCompass.

It is not our practice to invest in the Quality Dividend Fund within our investment strategies.

As of December 31, 2023, EquityCompass had assets under management of \$179.5 million and assets under advisement of \$4.5 billion. Assets under advisement represent advisory-only assets for which EquityCompass provides a model and does not have trading authority over the assets.

## **Item 5 – Fees and Compensation**

EquityCompass has standard fee schedules based on the type of account and/or services provided (separate account, model delivery, or mutual fund), whether the client is serviced directly by EquityCompass or through an intermediary, and the particular investment strategy involved. Typically, annual management fees for affiliated platforms are calculated and collected quarterly in advance as a percentage of the net market values of assets based on market close prices as of the last business day of the preceding quarter. Annual management fees for non-affiliated platforms are typically calculated and collected quarterly in arrears as a percentage of the net market values of assets based on the market close prices as of the last business day of the preceding quarter.

EquityCompass's current maximum fee schedule is as follows:

- 35 basis points annually for Equity, Alternative, Core Retirement and Core Investment strategies
- 30 basis points annually for Core Balanced and Core Balanced – Tax Advantaged strategies
- 15 basis points annually for Fixed Income strategies

### *Non-Discretionary Investment Management Services*

Fees for EquityCompass' non-discretionary services are included within each agreement between EquityCompass and the Sponsoring Firm. For complete information on the Sponsoring Firm's fees, please refer to that firm's Form ADV Part 2A.

In general, a Sponsoring Firm may terminate our agreement by providing EquityCompass with written notice. Upon termination, EquityCompass would be entitled to receive any fees that have been earned but not yet paid.

### *Discretionary Investment Management Services*

Fees for EquityCompass' discretionary services, including wrap fee programs of Sponsoring Firms, vary based on EquityCompass' agreement with the Sponsor. For complete information on the Sponsoring Firm's fees, please refer to that firm's Form ADV Part 2A.

Fees for other discretionary accounts managed by EquityCompass, such as those for mutual fund advisory fees, are described in the registration statements or similar documents of those funds, including the

prospectuses or offering documents, which are available on EquityCompass' website, [www.equitycompass.com](http://www.equitycompass.com).

### **Fees Negotiable**

From time to time, EquityCompass may negotiate fees with clients depending on, but not limited to, account size, customization, multi-product relationships, date of establishment of the advisory relationship, or other circumstances or factors that EquityCompass may deem relevant. In addition, a different fee schedule may apply if EquityCompass manages an account on a sub-advisory or wrap fee platform, depending upon the Sponsoring Firm's program.

Employees and former employees of EquityCompass and affiliates, as well as their relatives, may receive a discount from the preceding schedules or, in some cases, may not pay an investment management fee at all.

### **Fee Billing**

Typically, for discretionary and non-discretionary accounts, the EquityCompass fee is included in the overall fee that the Sponsor calculates and invoices the client on a quarterly basis. For dual-contract accounts, where the client has executed separate agreements with both EquityCompass and the Sponsor, EquityCompass calculates its fees and the Sponsor facilitates the collection from the client. Typically, the standard fee schedules are based on a percentage of the net market values of assets advised using the applicable strategy based on market close prices as of the last business day of the preceding quarter. Depending upon the method used by the Wrap Sponsor or Dual Contract platform, fees may be based on average daily net market values of assets during the billing period. Clients receive account statements directly from their custodian and should carefully review the statements for accuracy.

If an account that pays in advance is closed during a billing period, a pro-rata fee is calculated for the time that the account was in existence during the quarter and any unused portion of the advance payment will be returned to the client. Notwithstanding the foregoing, wrap fee accounts may be subject to different schedules or pro-ratio or reimbursement policies based upon the Sponsoring Firm's policies.

### **Item 6 - Performance Based Fees and Side-by-Side Management**

EquityCompass does not charge performance-based fees with respect to any of its existing client accounts.

### **Item 7 – Types of Clients**

EquityCompass generally provides its Services to individuals, trusts, investment companies, and financial institutions including Sponsor Firms. In the case of non-discretionary services, the Sponsor Firm determines the minimum investment amount in the products or portfolios offered. With respect to mutual funds, the applicable minimums are as stated in the fund's prospectus.

EquityCompass' minimum account size for discretionary investment management services varies by strategy as shown below:

Strategy	Minimum
Core Retirement Portfolio	\$ 300,000
Core Investment Portfolio	\$ 200,000
Core Investment Portfolio – Tax Advantaged	\$ 200,000
Core Balanced Portfolio	\$ 150,000
Core Balanced Portfolio – Tax Advantaged	\$ 150,000
High Dividend Portfolio	\$ 50,000
Global Leaders Portfolio	\$ 50,000
Quality Dividend Portfolio	\$ 35,000
Select Quality Growth & Income Portfolio	\$ 35,000
Core Fixed Income Portfolio	\$ 10,000
Municipal Income Enhanced Portfolio	\$ 10,000
Equity Risk Management Strategy	\$ 10,000

Accounts below the established minimum may be accepted on a case-by-case basis.

## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of Analysis

EquityCompass provides investment solutions that seek to address the needs of clients in accumulating, preserving, and decumulating wealth. Our portfolio strategies are focused, diversified, and generally hold equal-weighted positions and are based on an investment approach that seeks to establish a consistent and repeatable methodology in meeting the strategy objectives. The EquityCompass investment process is a combination of fundamental and quantitative analysis and is based on relevant capital market theories, leverages insights from our experienced investment professionals and has been validated by independent empirical testing. The fundamental analysis focuses on the “will and ability” to sustain and grow cash flows for dividends or to be reinvested for long-term economic compounding while the quantitative models and analysis seek to identify temporary mispricing and measure quality from non-price-sensitive criteria.

EquityCompass' method of analysis varies based upon the investment strategy. Investing in securities involves the risk of loss that clients should be prepared to bear. EquityCompass currently offers the following portfolio strategies (collectively the “Strategies”):

- **Core Retirement Portfolio** – A multi-strategy portfolio designed to fund retirement withdrawals by addressing four essential needs: income, capital appreciation, stability, and risk management. The portfolio targets a 75/25 stock/bond allocation.
- **Core Investment Portfolio** – A multi-strategy wealth accumulation approach designed to provide: capital appreciation, diversification, and risk management. The portfolio targets a 75/25 stock/bond allocation.

- **Core Investment Portfolio – Tax Advantaged** - A multi-strategy wealth accumulation approach designed to provide: capital appreciation, diversification, and risk management. The portfolio targets an allocation of 75% stock/25% municipal strategies and tax-advantaged investments.
- **Core Balanced Portfolio** – An asset allocation strategy that seeks to effectively capture stock and fixed income market returns while minimizing volatility. The portfolio targets a 60%/40% stock/bond allocation.
- **Core Balanced Portfolio – Tax Advantaged** – An asset allocation strategy that seeks to effectively capture stock and fixed income market returns while minimizing volatility. The portfolio targets an allocation of 60% stock/40% municipal strategies and tax-advantaged investments.
- **Quality Dividend Portfolio** – A diversified portfolio of higher-dividend paying stocks that seeks to achieve three main goals: asset preservation, attractive current income and income growth.
- **Quality Dividend Fund** – Quality Dividend Portfolio offered for investment as a Mutual Fund.
- **High Dividend Portfolio** – An equity portfolio strategy that seeks to generate a high level of current income with dividend growth to cover inflation and a yield that is competitive with U.S. high yield bond benchmarks. The strategy can invest in common and preferred stocks and is designed to serve as a supplemental strategy to complement core income-oriented investments.
- **Global Leaders Portfolio** – Focused portfolio of leading global companies deemed to have the ability to create and sustain long-term competitive advantages and above average return on capital.
- **Select Quality Growth & Income Portfolio** – A sector-diversified equity portfolio that seeks to outperform its benchmark without taking undue risk by investing in stocks perceived to be high quality and trading at opportunistic prices.
- **Equity Risk Management Strategy** – Tactical allocation strategy that seeks to adjust a portfolio's equity exposure for downside risk management and volatility control. For temporary defensive purposes during abnormal market or economic conditions, EquityCompass may reduce the portfolio's exposure to equity markets and invest all or a portion of the portfolio assets allocated to the strategy in cash and/or cash equivalents including ETFs invested in short-term U.S. Treasuries.
- **Core Fixed Income Portfolio** - Fixed income strategy utilizing exchange-traded funds (ETFs) to seek capital preservation, return stability, and supplemental income as part of a diversified investment portfolio.

- **Municipal Income Enhanced Portfolio** - Municipal fixed income strategy utilizing exchange-traded funds (ETFs) and closed end funds (CEFs) to seek capital preservation, return stability, and tax-advantaged income as part of a diversified investment portfolio.

## Principal Investment Risks

In general, EquityCompass' Strategies cover a wide range of securities. As such, the types of risks that each client will be exposed to will vary depending on the particular Strategy utilized. Investments in securities generally are subject to market risk, which is the risk that the security's value will decline because of downturns in the general securities markets. Depending on market conditions, the value of an investment at the end of an investment period may be less than its initial value, and clients could lose money. Additional risks that may apply include:

*Model and Data Risk.* EquityCompass uses quantitative models (both proprietary models and those supplied by third parties) and information and data supplied by third parties ("Models and Data") in formulating its Strategies. Models and Data are used to construct sets of transactions and investments, to provide risk management insights, and to assist in hedging investments in a Strategy. When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon expose a Strategy to potential risks. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful.

Some of the models used by EquityCompass to formulate its Strategies are predictive in nature. The use of predictive models has inherent risks. Because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, "model prices" will often differ substantially from market prices, especially for instruments with complex characteristics, such as derivative instruments.

*Reliance on information over which the firm has no control.* EquityCompass relies heavily on information from several third parties, both affiliated and public sources, in making investment recommendations. The performance of EquityCompass' Strategies depends on the reliability of this information. EquityCompass does not independently verify the information extracted from these sources, which may be inaccurate or subject to later correction or restatement.

*Equity Securities Risks.* Each Strategy invests in equity securities. Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

*Market Risk and Selection Risk.* Market risk is the risk that one or more markets in our Strategies invest will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities that we select will underperform the markets, the relevant indices or the securities selected by other strategies with similar investment objectives.

*Income-Producing Stock Availability Risk.* Depending upon market conditions, income producing common stock that meets the investment criteria of the Quality Dividend and High Dividend Strategies may not be widely available and/or may be highly concentrated in only a few market sectors. This may limit the ability



of these Strategies to produce current income while remaining fully diversified.

*Debt Securities Risks.* EquityCompass' Fixed Income and Core Strategies invest in debt instruments using ETFs. Debt securities, such as bonds, may involve a number of risks, including credit risk, interest rate risk, duration risk and liquidity risk. Credit risk is the risk that the borrower will not make timely payments of principal and interest. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Strategies' investment in that issuer. The degree of credit risk depends on the issuer's financial condition and on the terms of the securities. Interest rate risk is the risk that the value of a debt security may fall when interest rates rise. Duration risk measures a debt security's price sensitivity to interest rate changes. Bonds with higher duration carry more risks and have higher price volatility than bonds with lower duration. Therefore, if interest rates are very low at the time of purchase of the bonds, when interest rates eventually do rise, the price of such lower interest rate bonds will decrease and anyone needing to sell such bonds at that time, rather than holding them to maturity, could realize a loss. Liquidity risk is the risk that a particular security may be difficult to purchase or sell and that an investor may be unable to sell illiquid securities at an advantageous time or price.

*Risks Relating to Investing in Municipal Bonds.* EquityCompass' Municipal Income Enhanced Portfolio as well as the fixed income allocation of the Core Investment Portfolio – Tax Advantaged and Core Balanced Portfolio – Tax Advantaged invest in securities that invest in municipal obligations issued by states, territories, and possessions of the United States and the District of Columbia. In addition to general Debt Securities Risks set forth above, municipal securities may have specialized risks. For example, the value of municipal obligations can be affected by changes in their actual or perceived credit quality. The credit quality of municipal obligations can be affected by, among other things, the financial condition of the issuer or guarantor, the issuer's future borrowing plans and sources of revenue, the economic feasibility of the revenue bond project or general borrowing purpose, political or economic developments in the region where the security is issued, and the liquidity of the security.

*Indexed Securities Risks.* Some of EquityCompass' Strategies invest in securities the potential return of which is based on the change in a specified equity index (an "indexed security"). Certain indexed securities have greater sensitivity to changes in index levels than other securities, and the Strategies' investments in such instruments may decline significantly in value if index levels move in a way that our investment process did not anticipate.

*Smaller Cap Companies Risks.* Many of EquityCompass' Strategies invest across market-capitalizations and investment styles. Investments in securities of smaller companies may be riskier, more volatile and vulnerable to economic, market and industry changes than securities of larger, more established companies. As a result, share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term.

*Master Limited Partnership Risk.* MLPs are interest-rate sensitive investments that may trade in lower volumes and be subject to abrupt or erratic price movements and may involve less control by outside investors and potential conflicts of interest among an MLP and its general partner. MLPs are also subject to different tax rules than other publicly traded equity securities that may adversely impact the Fund.

*Tax-Exempt Securities Risks.* Certain Wrap Programs may seek to invest in tax-exempt securities, including (but not limited to) municipal bonds as well as tax-exempt mutual funds and ETFs. In order to attempt to pay interest that is exempt from federal or state and local income tax, tax-exempt securities must meet

certain legal requirements. Failure to meet such requirements may cause the interest received and distributed to shareholders to be taxable. In addition, income from one or more municipal bonds held in a Wrap Account could be declared taxable because of unfavorable changes in tax or other laws, adverse interpretations by the Internal Revenue Service (“IRS”), state, or other tax authorities, or noncompliant conduct of a bond issuer. Changes or proposed changes in federal or state income tax or other laws may also cause the prices of tax-exempt securities to fall. Finally, income from certain municipal bonds may be subject to the alternative minimum tax (“AMT”) and/or state and local taxes, based on the investor’s state of residence.

*IRS Circular 230 Disclosure: EquityCompass, its affiliates, agents, and employees are not in the business of providing tax, regulatory, accounting, or legal advice. This brochure and any tax-related statements provided by EquityCompass are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax adviser.*

**REIT Risk.** The securities of REITs involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements because of interest rate changes, geographic or industry concentration, economic conditions and other factors.

**American Depositary Receipts (ADRs) Risk.** ADRs are receipts typically issued by an American bank or trust company evidencing ownership of the underlying securities foreign issuers. Generally, ADRs, in registered form, are designed for the U.S. securities markets. EquityCompass may invest in sponsored or unsponsored ADRs. In the case of an unsponsored ADR, EquityCompass is likely to bear its proportionate share of the expenses of the depository and it may have greater difficulty in receiving shareholder communications than it would have with a sponsored ADR.

**Conflict of Interest Risk.** EquityCompass may take conflicting views on security holdings across Strategies depending upon the Strategy’s objective. EquityCompass’s compensation structure does not favor one strategy over another and is determined on an overall basis and takes into consideration the profitability of the overall asset management practice.

A potential conflict may arise both with respect to allocation of time to specific client accounts as well as an incentive to favor certain accounts over others. EquityCompass personnel directly manage the applicable Strategy rather than any specific account; investment decisions therefore are made at the Strategy level rather than based on a client’s specific circumstances. Client accounts in the same Strategy typically hold the same securities (subject to exceptions arising from any applicable restrictions that the client has imposed on the account). As a result, the portfolio managers are able to adequately manage their time without regard to the number of client accounts enrolled in a strategy.

**Diversification Risk.** Certain Strategies may have concentration in specific asset classes, sectors, or individual securities, which could result in increased exposure to the risks that can be attributed to those specific investments. Additionally, certain Strategies may invest in a specific investment style. As a result, clients may not have access to as wide a variety of management styles as clients in other portfolios.

**ETF Risk.** Under certain market conditions, certain Strategies may invest in ETFs. Most ETFs use a “passive” investment strategy and seek to replicate the performance of a market index. Such ETFs do not take

defensive positions in volatile or declining markets their shares may trade below net asset value. While some ETFs seek to achieve the same return as a particular market index, the performance of the ETF may diverge from the performance of the index. Some ETFs are actively managed ETFs and do not track a particular index which indirectly subjects an investor to active management risk. An active secondary market in ETF shares may not develop or be maintained and may be halted or interrupted due to actions by its listing exchange, unusual market conditions or other reasons. There can be no assurance that an ETF's shares will continue to be listed on an active exchange. In addition, shareholders bear both their proportionate share of a Fund's expenses and, indirectly, the ETF's expenses, incurred through a Fund's ownership of the ETF. Because the expenses and costs of an ETF are shared by its investors, redemptions by other investors in the ETF could result in decreased economies of scale and increased operating expenses for such ETF. These transactions might also result in higher brokerage, tax or other costs. There is a risk that ETFs in which a Strategy invests may terminate due to extraordinary events. For example, any of the service providers to ETFs, such as the trustee or sponsor, may close or otherwise fail to perform their obligations to the ETF, and the ETF may not be able to find a substitute service provider. Also, certain ETFs may be dependent upon licenses to use various indexes as a basis for determining their compositions and/or otherwise to use certain trade names. If these licenses are terminated, the ETFs may also terminate. In addition, an ETF may terminate if its net assets fall below a certain amount.

*Financial Risk.* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

*Extension Risk.* Rising or high interest rates may result in slower-than-expected principal payments, which may tend to extend the duration of a debt instrument, making them more volatile and more sensitive to changes in interest rates.

*Economic and Market Events Risk.* Global economies and financial markets are becoming increasingly interconnected and conditions and events in one country, region, or financial market may adversely impact issues in a different country, region or financial market.

*Cybersecurity Risk:* The Firm maybe be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of services attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting EquityCompass and its service providers may adversely impact clients. For instance, cyber-attacks may interfere with the processing of transactions, cause the release of private information about clients, impede trading, subject clients and the Firm to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which clients may invest, which could result in material adverse consequences for such issuers and may cause EquityCompass' investment in such issuers to lose value.

*Financial Institution Risk.* Actual events involving reduced or limited liquidity, defaults, non-performance,

or other adverse developments that affect financial institutions or other companies in the financial services industry, including banks and other custodians of an investor's funds and securities, or impact the financial services industry generally, as well as concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems, defaults on financial obligations, non-performance of contractual obligations, and other adverse impacts on these financial institutions, investors that deposit funds and securities at these institutions, lenders and borrowers of these institutions, and other companies in the financial services industry. For example, on March 10, 2023, Silicon Valley Bank, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation as receiver. Investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult to acquire financing on acceptable terms or at all. Any decline in available funding or access to cash and liquidity resources could, among other risks, adversely impact the ability to meet operating expenses, satisfy financial obligations, liquidate portfolio holdings, withdraw capital, or fulfill other obligations, or result in breaches of financial and/or contractual obligations. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on portfolio holdings, fund performance, or business operations.

#### **Item 9 – Disciplinary Information**

Neither EquityCompass nor its employees have been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of EquityCompass' advisory business or the integrity of its management.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

As set forth above, EquityCompass is a wholly owned subsidiary of Stifel. Stifel is a financial services holding company whose stock is publicly traded on the New York Stock Exchange under the symbol SF. The Stifel affiliated group of entities includes registered broker-dealers and/or other registered investment advisers. These affiliates include, but are not limited to, SNCI, Stifel Independent Advisors, LLC, Washington Crossing Advisors, LLC, 1919 Investment Counsel LLC, Stifel Capital Management, LLC, Eaton Partners, , Stifel Trust Company Delaware, NA, Stifel Trust Company, NA, Stifel Bank & Trust, NA, Stifel Bank, NA, , and Keefe, Bruyette & Woods, Inc. ("KBW").

EquityCompass provides model portfolios to various affiliates, including SNCI and Stifel Independent Advisors, LLC. SNCI's wrap fees generally do not vary on the basis of the managers selected. As a result, when a client selects EquityCompass out of all other available options under the SNCI wrap platform, the total portion of the wrap fees that is retained by the Stifel affiliated group will be higher than when the wrap client selects an unaffiliated adviser.

In addition, from time to time, SNCI may separately provide other services to EquityCompass's clients and/or to the issuers of securities held in EquityCompass's portfolios. In such instances, SNCI generally will be paid customary fees for its services. In each such case, the client will receive appropriate disclosure of the affiliated relationship between SNCI and EquityCompass from SNCI.

EquityCompass uses publicly available research provided by our affiliates including, but not limited to,

KBW and/or SNCI, in formulating our Strategies. Clients are not charged separately for the value of such research.

EquityCompass has adopted policies and procedures designed to address conflicts, including policies restricting EquityCompass's trading in a security if an affiliate or EquityCompass is in receipt of material non-public information about the security and/or issuer. In those instances, EquityCompass is not free to act upon any such information. As a result, EquityCompass may not be able to initiate a transaction that it otherwise might have initiated and may not be able to dispose of a security that it otherwise may have sold.

As set forth above, EquityCompass generally does not use affiliated brokers for execution services. It may, however, trade through an affiliate for a wrap program when appropriate. EquityCompass will not use affiliated brokerage or custody for its mutual fund, in compliance with the requirement of Rule 10f-3 under the Investment Company Act of 1940, as amended, (the "1940 Act"). In addition, an EquityCompass employee or an affiliate's employee can only invest or withdraw assets from an investment account or mutual fund managed by EquityCompass at a time when other unaffiliated customers could do the same.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

EquityCompass has adopted a Code of Ethics (the "Code") applicable to all supervised persons which Code is designed to comply with the requirement of both Rule 204A-1 under the Investment Advisers Act of 1940 (the "Advisers Act") and Rule 17j-1 under the 1940 Act. The Code reinforces the fiduciary principles that govern supervised persons, including:

- Setting forth standards of business conduct that are expected of all supervised persons, which standards reflect EquityCompass's fiduciary duties to its clients. All supervised persons are required to acknowledge in writing receipt of the Code of Ethics and any material amendments thereto.
- Requiring compliance with federal securities laws, including (but not limited to) the Advisers Act, the 1940 Act and the rules thereunder, as well as applicable state securities and/or fiduciary laws. In addition, when managing accounts of employee benefit plans and individual retirement accounts, EquityCompass and all personnel are also required to comply with all applicable provisions of ERISA, the Internal Revenue Code of 1986 and the rules thereunder.

### **Personal Securities Trading and Reporting**

From time to time, EquityCompass supervised persons may sell for their own accounts securities that are also held in client accounts. Such personal securities transactions may raise potential conflicts of interest when these supervised person's trade at or around the same time as a client account, or in a manner inconsistent with EquityCompass's then current recommendations to a client. Personal securities transactions by its supervised persons may also raise potential conflicts of interest when EquityCompass is considering the related security for purchase or sale in client accounts.

To mitigate the associated risks, EquityCompass's Code of Ethics is designed to reasonably detect and prevent such conflicts of interest and, when they do arise, to ensure that the supervised person effects the transactions in a manner that is consistent with EquityCompass's fiduciary duty to clients and in accordance with applicable law. To this end, all supervised persons are prohibited from using their position

with EquityCompass or any investment opportunities that any such individual learns of because of his or her position, to the detriment of EquityCompass's clients. Additionally, all supervised persons are required to obtain pre-approval from Compliance prior to entering any personal trade in certain security types. In general, all supervised persons are deemed to be access persons.

Supervised persons must pre-clear all personal transactions with Compliance on the date of the proposed transaction, and may not place an order for the purchase or sale of the security until Compliance has approved the transaction in accordance with EquityCompass's Code of Ethics.

Compliance monitors all supervised persons' trading and conducts periodic testing of EquityCompass's procedures to ensure ongoing compliance by all supervised persons. A copy of the Code of Ethics is available upon request by contacting the Chief Compliance Officer at (301) 941-2439.

### **Participation or Interest in Client Transactions**

#### *Non-Discretionary Investment Management*

In general, EquityCompass emphasizes the unrestricted right of a client receiving non-discretionary Services to decline to implement any advice that we render.

#### *Discretionary Investment Management*

EquityCompass generally does not execute trades for discretionary client accounts through its affiliates, except with the client's specific consent or for those accounts that participate in a Sponsoring Firm's wrap fee program.

The following conflicts of interest may apply in connection with EquityCompass's Services to clients:

- EquityCompass or its investment professionals, for themselves or for others, may take the same or conflicting positions in a security in which there has been an investment under EquityCompass's Strategies.
- EquityCompass may invest in securities of issuers that one or more of EquityCompass's affiliates have sponsored or promoted. These affiliates may have purchased or otherwise acquired securities or other interests in such issuers on terms different from, and more favorable than, those available to EquityCompass clients.
- EquityCompass's affiliates also may, for their own client accounts, take substantial positions in companies the securities of which EquityCompass may have purchased or later purchases on the open market for its client accounts. In such cases, the affiliate may indirectly benefit from EquityCompass's investment recommendations if (for example) the later purchase by EquityCompass of the securities for its client accounts causes the price of those securities to rise. Neither EquityCompass nor, generally, its affiliates share information relating to investments made for client accounts. To the extent that associated persons obtain information relating to investments by EquityCompass and/or an affiliate, such associated persons are prohibited from (i) passing such information to any other person who does not need to know the information in order to perform required duties, and (ii) using such information to benefit themselves or any other person (including clients).
- Affiliates of EquityCompass frequently have access to non-public information about publicly traded companies. When this occurs, EquityCompass may be prohibited from trading an existing position

at a time that would be beneficial to EquityCompass's clients, resulting in investment losses or the failure to achieve investment gains. In other cases, EquityCompass may cause the purchase or sale of securities of an issuer at a time when an affiliate or its employees have material non-information about such securities or their issuers if the affiliates have not otherwise notified EquityCompass of their possession of such information. EquityCompass's affiliates and their respective employees have no duty to make any such information available to EquityCompass, and EquityCompass has no duty to obtain such information.

## **Item 12 – Brokerage Practices**

### **Broker Analysis and Selection**

Discretionary client accounts typically grant EquityCompass the authority to select the broker-dealer(s) that will execute securities transactions for such accounts. EquityCompass has arrangements with an affiliated registered investment adviser to provide trade and execution support to EquityCompass and its discretionary client accounts.

EquityCompass maintains a list of "Approved Brokers" to use in effecting client transactions, unless the client has specifically directed trades to a particular broker-dealer. When selecting brokers for discretionary accounts, EquityCompass's primary objective is to obtain the best combination of price and execution in the market(s) involved. In selecting brokers for inclusion in the Approved Broker List, EquityCompass evaluates the abilities of the broker-dealer to obtain "best execution" of portfolio transactions, which may include (but is not limited to):

- its execution capabilities the transactions require, as well as clearance and settlement capabilities;
- its financial stability, back-office efficiency and ability to handle difficult trades;
- its apparent familiarity with sources from or to whom particular securities might be purchased or sold;
- its reputation and perceived soundness of the broker/dealer or bank;
- the importance to the account of speed, efficiency, and confidentiality.

Accordingly, transactions will not always be executed at the lowest available commission but are generally within a competitive range.

### **Best Execution**

When selecting a particular Approved Broker(s) for a specific transaction, EquityCompass and its trading affiliate consider numerous factors, including (but not limited to) any applicable legal restrictions (such as those imposed under the securities laws and ERISA), as well as any client-imposed restrictions.

Within these constraints, EquityCompass generally selects the "best executing" broker (i.e., one that can provide prompt and reliable execution at the most favorable price obtainable under the prevailing market conditions). EquityCompass has appointed an Account Review and Brokerage Practices Committee (the "Committee") to oversee and monitor its trading activities including best execution, brokerage placement and allocation of investments. The Committee also reviews broker quality, including execution services, as well as commission rates.

## **Order Aggregation & Allocation**

In order to seek best execution, to the extent multiple client accounts participate in the trade, EquityCompass may aggregate client transactions for the same security into a single “bunched” order, and then allocate the securities purchased to each participating client account on an average price basis. There may be instances where EquityCompass may not be able to purchase or sell all of the desired securities, in which case, accounts will participate in a pro-rata allocation. Additionally, there may be instances when a particular client’s account transaction is the opposite of one or more other client accounts. This can occur, for example, when a client has decided to withdraw a portion of the account at the same time that the applicable portfolio manager decides to increase the Strategy’s position in the same security.

When aggregating purchases or sales of same securities with the same broker, an account generally will be charged or credited, as the case may be, the average transaction price of all securities purchased or sold in such transactions. There may be times when the price may be less favorable than the price that would otherwise have been achieved if similar the client trade was not being executed concurrently for other accounts. In general, however, EquityCompass believes that aggregating orders results in lower transaction costs than trades effected for a single account. EquityCompass has established an allocation policy aimed at ensuring that the securities purchased for client accounts are allocated on an equitable basis among all fund and other accounts that it manages.

Some types of purchase or sale transactions cannot be included in aggregated orders. For instance, trades resulting from the opening and closing of accounts, or from contributions to or withdrawals from existing accounts, often must be executed on an individual basis rather than aggregated with other trades. In such cases, clients may not receive as favorable executions as they might otherwise receive from aggregated orders.

## **Trade Order for Equity Securities**

EquityCompass will employ a practice of grouping accounts into trading categories (“Trade Categories”) which is determined by the nature of the trade execution process. Accounts in each Trade Category will trade together and the Trade Categories will be rotated on a regular basis.

## **Wrap Fee Program Trading Practices**

Generally, EquityCompass will direct wrap trading activity to the designated Sponsor’s trading desk. Trading away from the Sponsor, or “stepping out”, these trades is usually not operationally efficient and will not likely add value since the transactions typically involve odd lots or smaller quantities of multiple securities.

From time to time wrap fee program trades may be aggregated with other non-directed trades. This practice enables us to obtain more favorable executions, including better pricing and enhanced investment opportunities, than would otherwise be available if orders were not aggregated. Using block transactions may also assist in avoiding the adverse effect of the price of a security that could result from simultaneously placing a number of separate, successive or competing client orders with multiple brokers.

In situations where EquityCompass is able to step-out trades, the Wrap Program client’s overall transactional costs will be higher because the commissions for each step-out trade placed by EquityCompass will be in addition to the price of the security. If traded directly through the Sponsor, these



transactions costs may be covered by the Sponsor's Wrap Program fees.

### **Directed Brokerage**

EquityCompass will use directed brokers- only pursuant to a client's specific request, or consistent with Sponsoring Firm requirements. EquityCompass will confirm that any percentage allocated to directed brokers is in compliance with a client's request. Clients that direct brokerage transactions to a particular broker should be aware that EquityCompass may be unable to achieve most favorable execution of client transactions. For example, in a directed brokerage account, the client may pay higher brokerage commissions because EquityCompass may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices. As a result, directing brokerage may cost clients more money. Further, we will generally not negotiate commission rates with the client's directed broker. Directed brokerage accounts may not generate the same returns as similar, non-directed accounts in the same strategy due to the disadvantages discussed above.

When directed brokerage accounts or wrap accounts cannot be aggregated with transactions for other clients, such client's orders will generally trade after the aggregated orders in a rotation with other similar orders and may trade last.

### **Brokerage for Client Referrals**

When selecting a broker/dealer, EquityCompass does not consider nor receive client referrals.

### **Research and Other Soft Dollar Benefits**

EquityCompass does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits").

## **Item 13 – Review of Accounts**

### **Periodic Reviews**

At least monthly, EquityCompass portfolio managers review portfolio holdings, position sizes, and industry and sector exposure of the investment vehicles implementing the portfolio strategies to ensure that they are in accordance with the specific investment objectives and restrictions of the related Strategy. EquityCompass' Strategies are designed for the long-term taking in mind a broad range of market environments and, therefore, are modified only after extensive simulations to confirm that the modification will be helpful over the long run. However, research is ongoing, focuses on reviewing and monitoring the Strategies, and helps to stay current with changes in accounting and reporting standards that might affect the investment process.

### **Regular Reports**

EquityCompass issues Quarterly Performance Reviews and periodic Market Overviews, and makes these reports available to Sponsoring Firms and/or their personnel for use with their clients. EquityCompass may provide the following reports to its clients:

- *Quarterly Performance Review* – Analysis of the performance of the portfolio relative to comparable market indices. Performance is verified by reviewing the results for similarity and consistency among similar sectors and by identifying any unusual variations or inaccuracies

indicated by the information provided.

- *Market Overview* – Analysis of the prevailing market conditions during the previous fiscal quarter.

#### **Item 14 – Client Referrals and Other Compensation**

EquityCompass may enter into agreements with and compensate affiliated firms and individuals that refer prospective clients to the Firm. Such arrangements create a conflict of interest for the person or firm making the referral because of the fee the person or firm will receive for making the referral. Typically, payments for referrals are a flat annual or monthly retainer, a percentage of the customary advisory fee received by EquityCompass from the referred client, or a combination of the two. Thus, a referred client pays no additional fee to EquityCompass. At the time of solicitation, each referred client is provided with details regarding the referral arrangement before the client signs an advisory agreement with the Firm.

#### **Item 15 – Custody**

EquityCompass has the ability to deduct advisory fees for certain dual contract client accounts that have written documentation from the client authorizing such deduction. Clients receive account statements directly from their custodian and should carefully review the statements for accuracy.

In the instances where EquityCompass is a manager in a SSCI wrap program, SSCI serves as custodian with respect to the wrap fee accounts. As wrap sponsor and custodian, SSCI undergoes an annual surprise examination of its accounts that it holds, and also obtains an internal control report from an independent public accounting firm that is registered and subject to regular inspection by the Public Company Accounting Oversight Board. EquityCompass receives a copy of the internal control report issued by such independent public accounting firm.

#### **Item 16 – Investment Discretion**

As set forth above, EquityCompass manages certain client accounts on a discretionary basis. Clients grant such discretion to EquityCompass by executing the applicable investment management agreement.

With regard to model portfolios, EquityCompass does not exercise discretion over the trading for such accounts. Investment discretion is exercised by the Sponsoring Firm.

#### **Item 17 – Voting Client Securities**

For those clients who delegate their proxy voting authority to EquityCompass, unless specific voting guidelines or directives are provided by a client, we will generally vote proxies in accordance with guidelines provided by an independent provider of proxy research and voting recommendations.

EquityCompass has adopted proxy voting policies and procedures that it believes are reasonably designed to ensure that votes are cast in the best interest of such clients, and that proper documentation is maintained relating to how proxies were voted. EquityCompass relies upon an independent third party, Institutional Shareholder Services Inc. , to facilitate its proxy voting activities including shareholder voting, maintenance, reporting, and record retention.

Conflicts of interest relating to proxy proposals will be handled in various ways depending on the type of conflict involved and the materiality of such conflict. EquityCompass will vote in a manner that we believe

will promote the best interest of the applicable client(s). EquityCompass may not vote proxies in certain situations or for certain accounts, such as: (1) when a client has informed us that it wishes to retain the right to vote a specific proxy (in which case EquityCompass will inform the custodian to send the proxy material directly to the client); (2) when proxy materials are not received in a timely manner; (3) when a proxy is received for a client account that has been terminated with EquityCompass; (4) when a proxy is received for a security we no longer hold in client accounts (i.e., previously sold the entire position), and/or; (5) when the exercise of voting rights could restrict the ability of an account's portfolio manager to freely trade the security in question. Additionally, EquityCompass may be unable to vote proxies for any client account that participates in securities lending programs.

Clients may request a copy of the firm's proxy voting guidelines, as well as information relating to the specific proxies that were voted with respect to their account by contacting the Chief Compliance Officer at (301) 941-2439.

EquityCompass will generally not participate in securities class action claims filing on behalf of those clients it directly manages, with the exception being for the Quality Dividend Fund. For this Fund, EquityCompass has engaged the Fund's affiliate, BNY Mellon, to file any such claims relating to the Fund. The Fund will be charged for this service at the time any proceeds are credited to the Fund.

#### **Item 18 – Financial Information**

EquityCompass does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

### **408(b)(2) Disclosure Notice**

With respect to retirement plan clients subject to ERISA, EquityCompass serves as a fiduciary to such clients pursuant to Section 3(21) of ERISA and by virtue of being a registered investment adviser providing fee-based advisory services. EquityCompass may provide discretionary investment management services to the portion of plan assets that assigned to EquityCompass's management, which services include determining the specific securities in which to invest such plan assets, as well as the specific brokers through which to trade such securities.

***Direct Compensation.*** As set forth in the "Fees and Compensation" above, for its services, EquityCompass accepts compensation in the form of fees. Each client's applicable fees are negotiated and set forth in the applicable investment management agreement pursuant to which EquityCompass manages the plan's account.

***Indirect Compensation.*** EquityCompass does not receive indirect compensation from any of the issuers of securities held in client accounts (such as 12b-1 or similar fees). In selecting brokers to execute client transactions, EquityCompass, consistent with its fiduciary obligations, selects brokers on the basis of "best execution" considering all relevant circumstances. For more detailed discussion of the factors considered in selecting brokers, see "Brokerage Practices" in this Brochure.