

**COMPASS ASSET MANAGEMENT LLC  
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This brochure updated March 2021, provides information about the qualifications and business practices of Compass Asset Management., LLC. If you have any questions about the contents of this brochure, please contact us at 203-453-7000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities industry. Compass Asset Management LLC is a Registered Investment Adviser. “Registration of” and “Investment Adviser” does not imply any level of skill or training. The oral and written communications of an Adviser provide you with the information about which you determine to hire or retain an Adviser. Additional information about Compass Asset Management., LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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### **3. Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information at any time without charge. Currently, our Brochure may be requested by contacting our office at 203-453-7000. Additional information about Compass Asset Management, LLC is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Compass Asset Management, LLC who are registered, or are required to be registered, as Investment Advisers of Compass Asset Management, LLC.

### **4. Advisory Business**

Compass Asset Management, LLC was formed in February 1997 by William L. Matthes and Carolyn A. Matthes. Compass Asset Management LLC is the name under which Jason Bear, William L. Matthes, Carolyn A. Matthes and their associates conduct business as Investment Advisers to individuals, corporations and pension plans. The firm’s Owner is Jason Bear. Trades are executed through a registered broker-dealer which the advisor may select at his discretion.

The investment advisory services provided by Compass Asset Management, LLC generally include: listed and over-the-counter securities, corporate, municipal and government bonds including agencies, mortgaged backed securities, certificates of deposit and exchange traded/index funds.

An investment policy statement developed with the client’s participation determines the asset allocation of accounts and portfolio aggressiveness. All clients are required to develop a written investment policy statement. The policy statement summarizes the client’s assets, goals and desired asset allocation. It then specifically describes the style of asset

management to be used, prohibited transactions if any and criteria to be used in evaluating account performance. Compass Asset Management LLC generally requires total assets of at least \$50,000 to open a managed account.

Mr. Bear is a Certified Financial Analyst, Portfolio Manager, and Investment Advisor. Mr. Matthes and Mrs. Matthes are also Investment Advisors and assist with portfolio management and client communications. Mr. Radford Brogden joined the Firm in Q4 2020 and is an Investment Advisor. Mr. Brogden will assist with financial planning and other advisory services as directed. From time-to-time other investment advisors may be added of equally high caliber and strong credentials.

#### Retirement Rollovers-Potential for Conflict of Interest:

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If we recommend that a client roll over their retirement plan assets into an account that we will manage, such a recommendation creates a conflict of interest if we will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account that we will manage. Our Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

#### Performance Reporting:

Our performance reports that we prepare and distribute to clients includes all the stocks in all the accounts managed for an entire quarter, excluding those accounts we manage as a subadvisor for other registered investment advisors. We compute the rate of return on an asset-weighted basis so that larger accounts have a proportionally larger influence on our returns. We then subtract .25% per quarter for a 1% annual average investment management fee, which is slightly higher than the average fee we actually charge but closer to the average fee our client's pay. Note the maximum fee we charge is 1.00% which should be considered by potential investors who may be subject to a higher or lower fee.

Bonds and other asset classes are not included in this calculation so that we could report the performance of equities in balanced stock and bond accounts as well as all equity accounts. Cash in balanced stock and bond accounts has been prorated between the asset classes to calculate its impact on the stock portfolio. Therefore, these reports should be viewed as an approximation of the hypothetical performance of equities in our accounts, not a direct measure of the performance of all our accounts, and should be considered a hypothetical model portfolio return report.

We use portfolio management software which uses the internal rates of return calculations to produce time weighted returns and inclusion of actual dividends to produce total return calculations but our application of this software to our accounts cannot be guaranteed to

conform to the conventions of all standard setting bodies. This report has not been audited by a third party which is typically required in standardized reports.

## 5. Clients

Compass Asset Management LLC's clients are:

Individuals	59%
High Net Worth Individuals	40%
Pension/Profit Sharing Plans	<1%
Charitable and Foundations	<1%

At the end of the calendar year 2020, Compass Asset Management's accounts totaled \$419,576,000.00.

## 6. Fees

Most clients pay a quarterly fee based on assets under management with all transaction costs being borne by the manager. We believe that this a preferred management style for most clients because it collapses all expenses into one, predictable fee.

### FEE SCHEDULE

ASSETS	EQUITY	FIXED INCOME	ETFs
\$50-100,000	1.00%	.50%	.50%
\$100-500,000	1.00%	.50%	.50%
\$500-1,000,000	1.00%	.50%	.50%
\$1,000,000+	1.00%	.50%	.50%

All fees are negotiable and there are no minimum fees. Fees are paid quarterly in advance. Initial fees will be prorated to cover that part of the quarter before the account was under management. Thereafter the fee will be based on the account value at the last business day before the beginning of the new quarter. Upon termination of the account, management fees will be credited back to the client's account based on the days remaining in the quarter divided by 90.

We also offer a flat fee advisory service in which the client pays an annual fee for investment/allocation advice. These are typically accounts with very low turnover and a

large percentage of fixed income investments, that do not require the degree of portfolio management we provide other managed accounts.

We are required to state that where the Investment Adviser absorbs the cost of all transactions it is possible that a conflict of interest could arise in which the Adviser may be hesitant to conduct trades that could be in the client's best interest because of the cost of the trades to the adviser. However, this type of account is generally low turnover and trade cost to the advisor is minimal and Compass does not hesitate to place trades for its clients. The transaction charge from the clearing firm is generally expressed as a single "ticket charge" plus exchange fees or handling cost.

Occasionally, in the course of developing an investment portfolio for a client, Compass will invest the client's money in a mutual fund or an ETF. These investment vehicles may carry separately incurred expenses, which we do not receive any part of, such as: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

We also offer financial planning. Financial planning fees range from \$0.00 to \$5,000.00 and are charged in addition to any fees charged for financial advisory services. In exchange for its receipt of the compensation as detailed above, Compass will provide the Client financial planning services. These services will include gathering personal financial information, either in person or via electronic means, and delivery of a financial plan consistent with Client's financial goals and objectives. This plan will rely solely on information provided to Compass by the Client.

**Personal Financial Plan** Depending on the Client's situation and financial goals, the personal financial plan may include the following applicable analyses:

**Cash Flow Analysis:** Compass will analyze Client's current income and expenses and recommend specific courses of action to facilitate the funding of Client's financial goals and objectives.

**Investment and Portfolio Analysis:** Compass will evaluate Client's investment goals, risk profile, current portfolio, and determine the potential of the current investment strategy to meet financial goals. Compass will prepare an asset allocation analysis and create a strategy consistent with Client's risk tolerance and will coordinate the implementation of Client's investment portfolio.

**Executive Benefit Analysis:** Compass will analyze 457(b) plans, collateral assignment split dollars, savings plans, stock options, retirement plans, payout alternatives, and payout timing choices and will coordinate employee benefits with Client's overall asset allocation and financial goals.

**Retirement Income Analysis:** Compass will determine, based upon currently available data and assumptions, the savings and investments necessary to achieve Client's retirement income goals. Compass will also analyze the sensitivity of financial goals to inflation and expected rates of return and assist with coordination of Client's savings plan, asset allocation, and investment strategy.

Insurance Review: Compass will review Client's insurance policies including life, disability, long-term care, homeowners, and auto and will provide recommendations to help ensure Client's insurance program minimizes the financial risk to assets and indemnifies Client for insurable losses.

Income Tax Review: Compass will review Client's recent income tax returns, as well as current taxable income and expenses to incorporate projected tax liabilities into the personal financial plan. Compass can coordinate with Client's CPA to provide information for tax planning purposes, as well as review the tax consequences of transactions or investments. Compass is not a tax advisor and does not provide specific tax advice.

Estate Plan Review: Compass will coordinate with Client's estate planning attorney to review Client's current estate planning documents and help determine whether estate planning documents are consistent with Client's current intentions.

## **7. Performance Based Fees**

Compass Asset Management LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of assets of a client).

## **8. Methods of Analysis, Investment Strategies and Risk of Loss:**

Compass Asset Management LLC generally relies on fundamental research which is available from corporate publications and annual reports, publications, newsletters, brokerage reports, electronic dissemination through Reuters, Standards and Poor's and Value Line. Compass will on occasion use technical charting to help in its buy-sell decisions. Charting services are purchased as part of its vendor supplied quote and information services. Investment strategies range from conservative to aggressive depending on the requirements of the client which are detailed in a written investment policy statement. These strategies are generally concentrated in listed equities and liquid fixed income securities, but may at times involve some small, illiquid stocks and lower quality, illiquid bonds if approved by the client in advance and judged to be suitable to the client's risk tolerance and objectives. Investing in securities involves risk of loss that clients should be prepared to bear.

Compass offers a flexible investment style of equity management to meet the needs of a wide range of clients. Generally, portfolios consist of large to medium capitalization companies, selling at reasonable valuations, diversified by industry group which Compass believes offers the opportunity for long term capital appreciation. In general, we prefer companies believed to be selling at a discount to their historic valuations.

Fixed income accounts are managed for taxable and tax-free income. Compass generally diversifies fixed income accounts by maturity and avoids concentration in one maturity year which could lead to reinvestment risk or volatility from an excessively long maturity

schedule. Municipal bonds of the state of residence of the client are the used when appropriate for taxable accounts. Tax free accounts generally concentrate on corporate bonds which will be blended with government, agency and mortgaged backed securities as the relative yields present investment opportunities. Where appropriate, bonds of less than investment grade may be used as stipulated in the client's investment policy statement.

Exchange Traded/Index Funds are managed by the Adviser on a fee for service basis using a variety of investment styles. For aggressive investors willing to take on the added risk associated with sector funds, the Adviser uses a variety of funds, selected on the basis of their emerging technical strength and short-term relative performance. For less aggressive investors, the Adviser uses a balanced portfolio of funds selected on the basis of their long term past performance, diversified by investment sector, with periodic rebalancing.

### **9. Disciplinary Information:**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Compass Asset Management, LLC. Compass Asset Management LLC has no legal or disciplinary events.

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each person providing investment advice.  
There are none.

### **10. Other Financial Industry Activities and Affiliations**

Compass Asset Management LLC is a fully independent investment adviser solely operated by Jason Bear. In addition to functioning as an independent advisory firm,

### **11. Code of Ethics**

Compass Asset Management, LLC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, rumor mongering, restrictions of acceptance of significant gifts, and personal trading procedures, among other things.

Compass Asset Management LLC maintains a written "Code of Ethics" and will provide copies upon request.

### **12. Custody, Brokerage Practices, Best Execution and Soft Dollars**

All client funds and securities are held at Pershing Advisor Solutions (PAS). Clients receive monthly statements from Pershing Advisor Solutions. We encourage all clients to carefully



review such statements and compare such official custodial records to the account statement we may provide you. Our statements may vary from custodial statements based on certain accounting procedures, reporting dates or valuation methodologies of certain securities.

All trades will be directed to a registered broker-dealer deemed appropriate by the Advisor unless the client directs us otherwise. It is believed that this will be in the best interest of the clients because it allows the advisor to offer the lowest cost brokerage service available to the advisor, while offering a system of order execution and account management that is familiar to the advisor and uniform for all advisory clients. Accounts custodied at PAS will have the benefit of the best possible order execution available to the Investment Advisor at that time.

### **Client Directed Brokerage**

While not routine, a client may direct us to use a broker-dealer to execute some or all transactions for the client. This brokerage direction must be requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by us. By directing brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Not all advisers require or allow their clients to direct brokerage. Subject to our duty of best execution, we may decline a client’s request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

If the client requests us to arrange for the execution of securities brokerage transactions for the client’s account, we shall direct such transactions through broker-dealers that we reasonably believe will provide best execution. We shall periodically and systematically review our policies and procedures regarding recommending broker-dealers to our client in light of our duty to obtain best execution.

### **Brokerage Selection**

We generally recommend Pershing, LLC (Pershing), member of FINRA/SIPC (selected Broker/Dealer). Pershing is a widely recognized independent, and unaffiliated FINRA member broker-dealer. Pershing offers independent investment advisers program services which include custody of securities, trade execution, clearance and settlement of transactions.

The primary factors considered in our decision to recommend Pershing include financial strength and the quality of the products and services offered to clients.

We have determined that Pershing currently offers the best overall value to us and our clients for the customer service, brokerage, research services and technology they provide. We believe these qualities make this firm superior to most non-service oriented, deep-discount and internet/web-based brokers that may otherwise be available to the public.

### **Economic Benefits**

We receive support services from PAS and Pershing which assist us to better monitor and service program accounts maintained at Pershing. We receive some non-soft dollar benefits from Pershing. It is not the result of soft dollar arrangements or any other express arrangements with Pershing that involves the execution of client transactions as a condition to the receipt of services. These support services are provided to us based on the overall relationship between us and Pershing. These support services may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by us in furtherance of our investment advisory business operations

We will continue to receive the services regardless of the volume of client transactions executed with Pershing. Although the non-soft benefits will generally be used to service all our clients, a specific client may benefit more or less than another. As a result of receiving the services we may have an incentive to continue to use or expand the use of a particular custodian. We examined this potential conflict of interest when we chose to enter into the relationship with Pershing and we have determined that this relationship is in the best interest of our clients and satisfies our fiduciary obligations, including our duty to seek best execution.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Some of the products and services made available by the selected Broker/Dealer may benefit us but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts. Other services made available by the selected Broker/Dealer is intended to help us manage and further develop our business enterprise. The benefits received by us or employees are not dependent on the amount of brokerage

transactions directed to the selected Broker/Dealer. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our employees in and of itself creates a potential conflict of interest and may indirectly influence our choice the selected Broker/Dealer for custody and brokerage services.

A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. While we will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

### **Trade Aggregation**

Trade aggregation is the act of trading a large block of a security in a single order. Shares of a purchased security are then allocated to the appropriate accounts in the appropriate proportion. The main purposes of order aggregation are (i) for ease of trading and (ii) to obtain a lower transaction cost associated with trading a larger quantity.

We will sometimes place trades on a block trade basis and will occasionally trade portfolio securities on an individual basis based on the client's profile, needs and objectives.

In a situation where we do not aggregate trades, clients purchasing securities around the same time may receive a less favorable price than other clients.

Accounts for us or our employees may be included in a block trade with client accounts.

### **13. Review of Accounts**

All accounts are reviewed by Compass Asset Management, LLC at least quarterly. This review includes, but is not limited to performance relative to an appropriate index, risk exposure relative to the client's stated risk tolerance and investment objectives, and asset allocation relative to the client's stated investment objectives.

Most clients will receive monthly account statements of their positions and account balances. If there is no account activity in a given month, at minimum, clients will receive quarterly statements. Statements are prepared by an independent custodian; Pershing Adviser Solutions/Pershing LLC. Most clients receive quarterly, and on demand, performance reports which include:

inception to date, quarterly and initiation to date performance relative to an appropriate index. Clients on flat fee agreement receive performance reports upon request and not included in Compass's performance reporting.

Compass Asset Management LLC provides quarterly reports which are prepared by its staff using third party software. Generally, the reports are not audited by a third party and are intended as an informational supplement to the client's monthly, independently prepared account statement from the custodian. Compass will arrange for a third-party audit of the performance reports and separately bill the client at cost for this service. Compass will also provide the raw data necessary for the client's agent to perform an independent audit at no charge to the client. All clients are encouraged to personally contact their advisor as often as they would like to.

Other reports are available from software resources which may be helpful to the client and the advisor in understanding the client's asset positioning. The scope of additional reporting will vary depending on the client's requests, complexity of the account and any restrictions placed on the account.

#### **14. Client Referrals and Other Compensation**

Compass Asset Management LLC does not directly or indirectly compensate any person for client referrals.

#### **15. Investment Discretion**

Compass Asset Management LLC receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. However, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Compass Asset Management LLC observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Compass Asset Management LLC in writing.

#### **16. Voting Client Securities**

As a matter of firm policy and practice, Compass Asset Management LLC does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Compass Asset Management LLC may provide advice to clients regarding the clients' voting of proxies.

#### **17. Agency Crosses**

In accordance with rule 206(3)-2 of the Investment Advisor Act, when the advisor believes that it is in the best interest of the client to buy or sell a security in a client's account where the other party is another advisory client or a client of the related broker-dealer, the advisor

may conduct an “agency cross” transaction. All clients are required to provide the advisor with written permission to perform “agency crosses”. Each cross will be approved by the client in writing prior to settlement and each confirmation of a cross will advise the client that this power can be rescinded at any time. Prior approval will be included in each client’s investment advisory agreement if applicable. Each transaction will be preceded by a written statement of the terms of the proposed transaction to the managed account customer which must be returned and kept in the agency cross file of the manager. However, generally, these transactions will occur in relatively illiquid fixed income securities where the cost of the transaction, if it occurred through another dealer, would both reduce the price available to the seller and increase the price available to the buyer due to the high “markup” or “spread” common to certain less liquid securities. An agency cross can also be beneficial to both clients when dealing with very short-term securities and odd lots when the percentage markup from a dealer transaction can significantly alter the yield to both buyer and seller.