

# Thematic Investing for a “Lower for Longer” World

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*Presented by:  
Robert G. Hagstrom, CFA*

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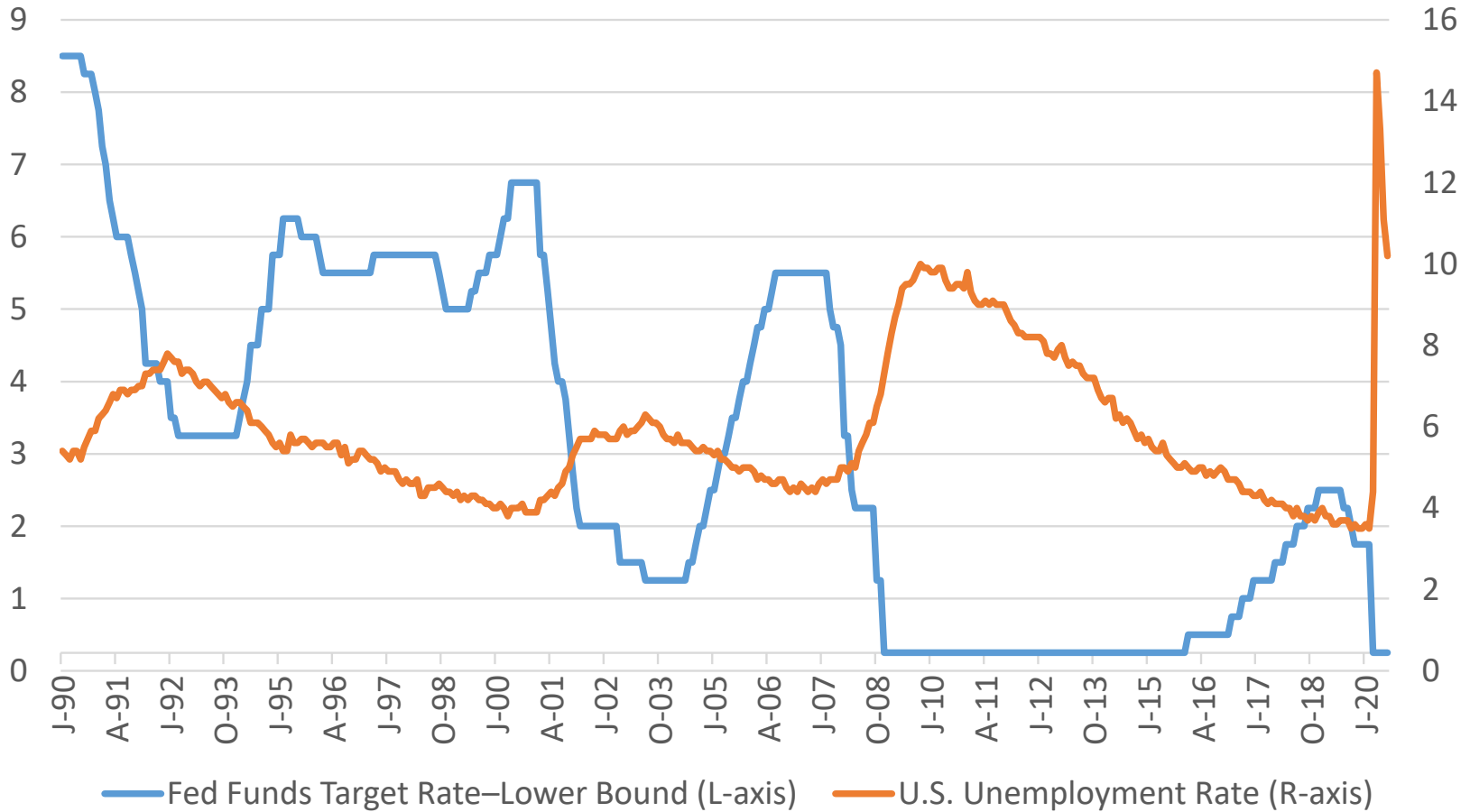
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# Zero Rates: A Policy Prescription for High Unemployment

## Fed Funds Rate Versus U.S. Unemployment Rate

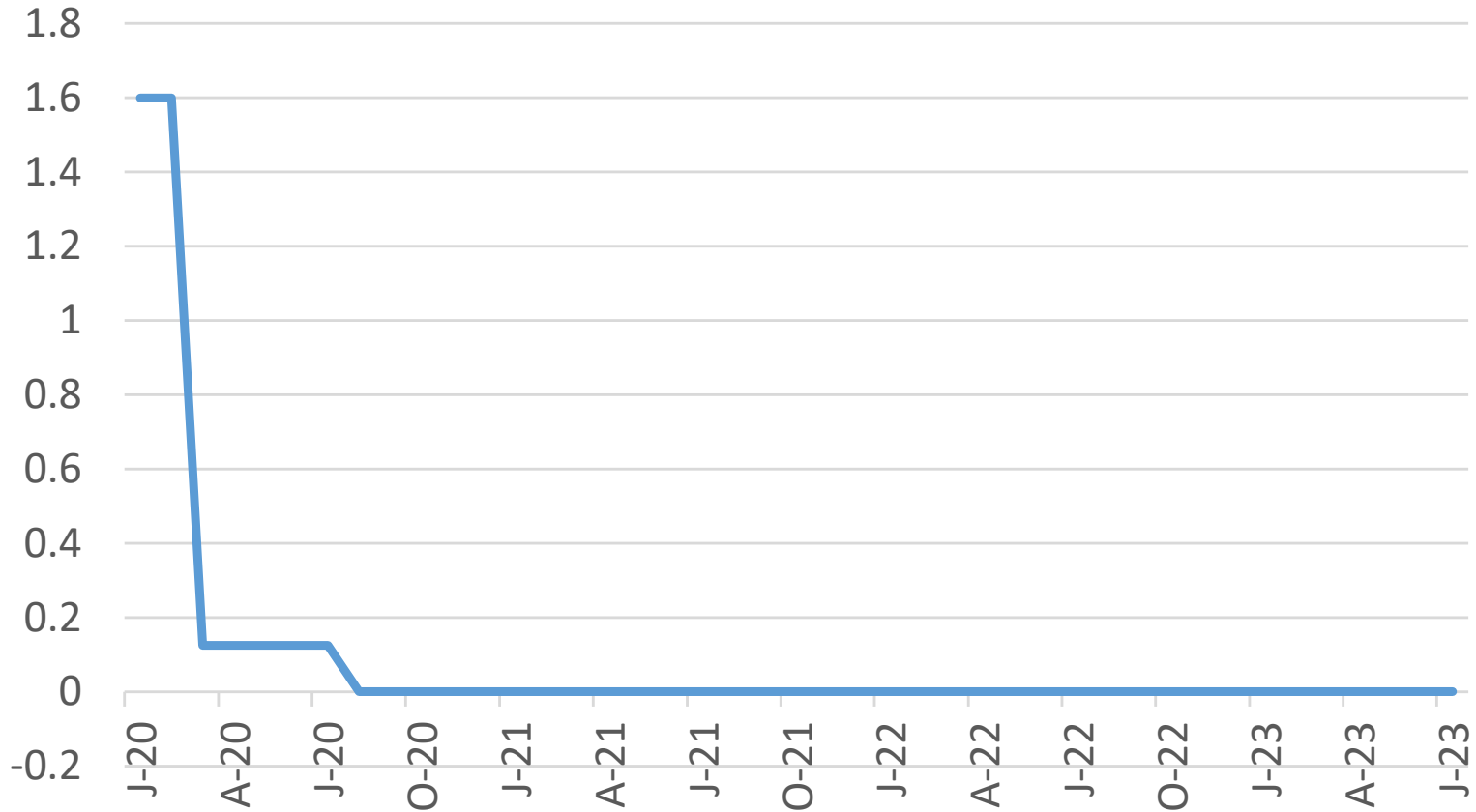


Source: Bloomberg Finance, L.P.

# Fed Signals No Rate Hikes for Several Years—Futures Agree

## Projected Fed Funds Rates

Interest Rate Futures Market



Source: Bloomberg Finance, L.P.

# Lower For Longer Also Applies to Investment Returns

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“The financial forces that have driven exceptional returns over the past 30 years are weakening, and in some cases reversing.”

— Spending-Driven Investing:  
A New Approach to Portfolio Construction,  
EquityCompass, September, 2017.

Source: “Why Investors May Need to Lower Their Expectations,” McKinsey Global Institute, (April 2016)

# Lower For Longer Macro Trends

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## 1990s

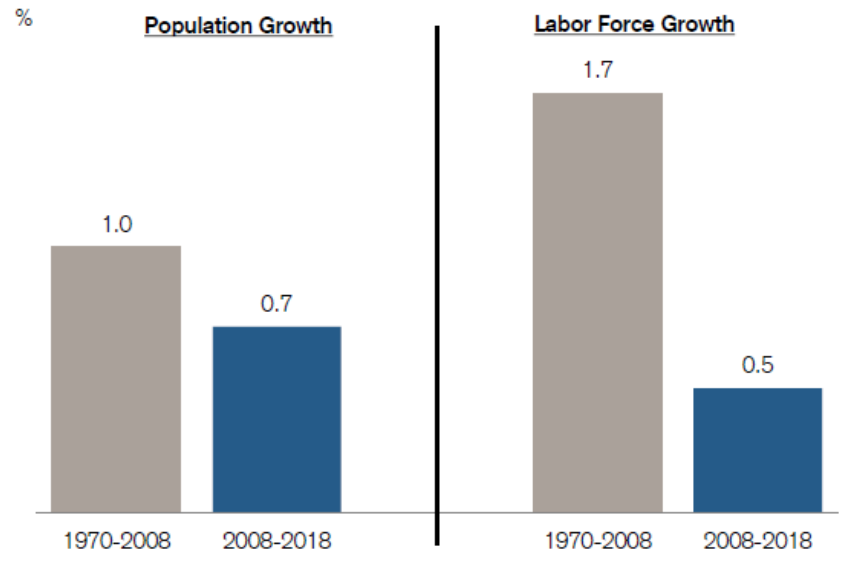
- Favorable Demographics
- Bretton Woods II
- Falling Interest Rates and Inflation

## Thirty Years Later

- Aging Demographics
- Bretton Woods III
- Global Pandemic Recession

# Slower For Longer — Demographics

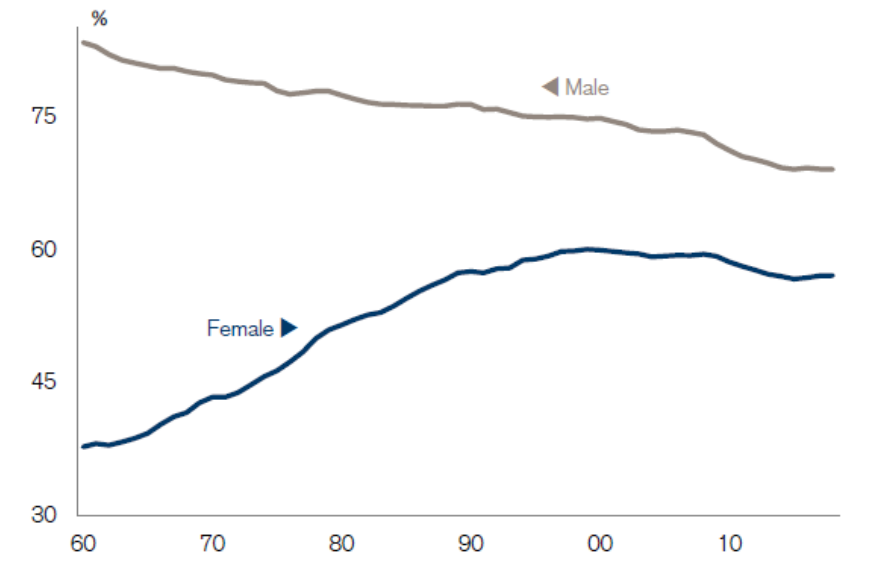
Population vs. Labor Force Growth



Note: Annualized growth rates  
Source: OECD, Haver Analytics®, Credit Suisse

**Labor force growth has decelerated, detracting from GDP trends**

U.S. Labor Force Participation — Male vs. Female

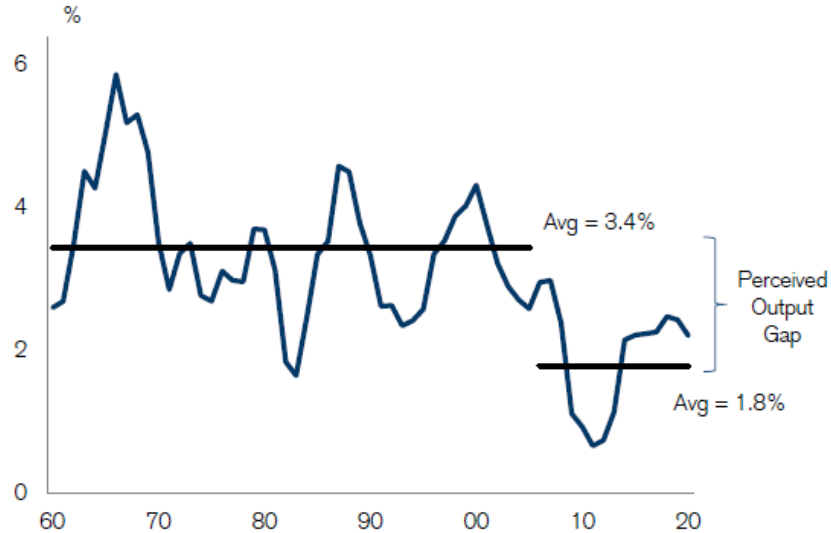


Source: OECD, Haver Analytics®, Credit Suisse

**Labor force growth has slowed due to falling participation rates**

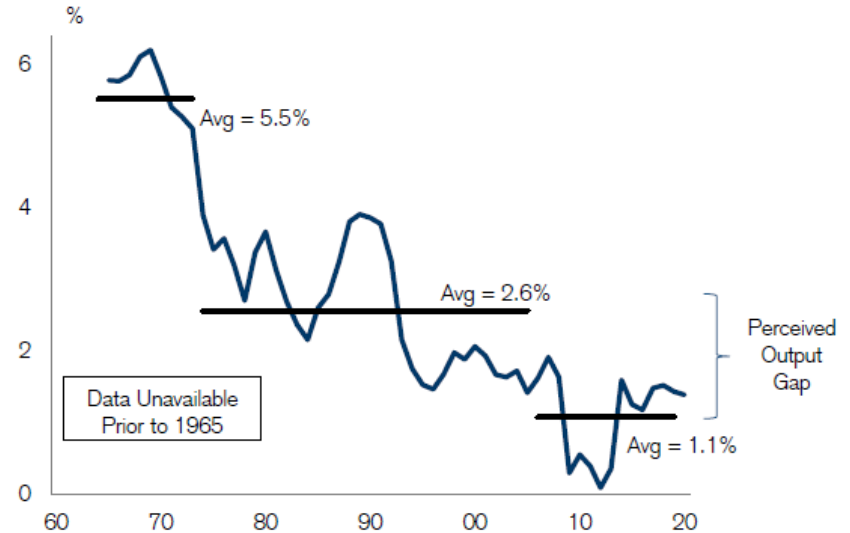
# Slower For Longer — Economic Growth

U.S. Historical GDP Growth



Note: Real GDP; 5-Year Moving Average  
Source: BEA, Haver Analytics®, Credit Suisse

G7 ex-U.S. GDP Growth



Note: Real GDP; 5-Year Moving Average  
Source: BEA, World Bank, Deutsche Bundesbank, Institut National de la Statistique/Economie, Haver Analytics®, Credit Suisse

**The U.S. and global economies  
have decelerated over the past  
decade**

# In a Lower for Longer World What is the Scarce Resource?

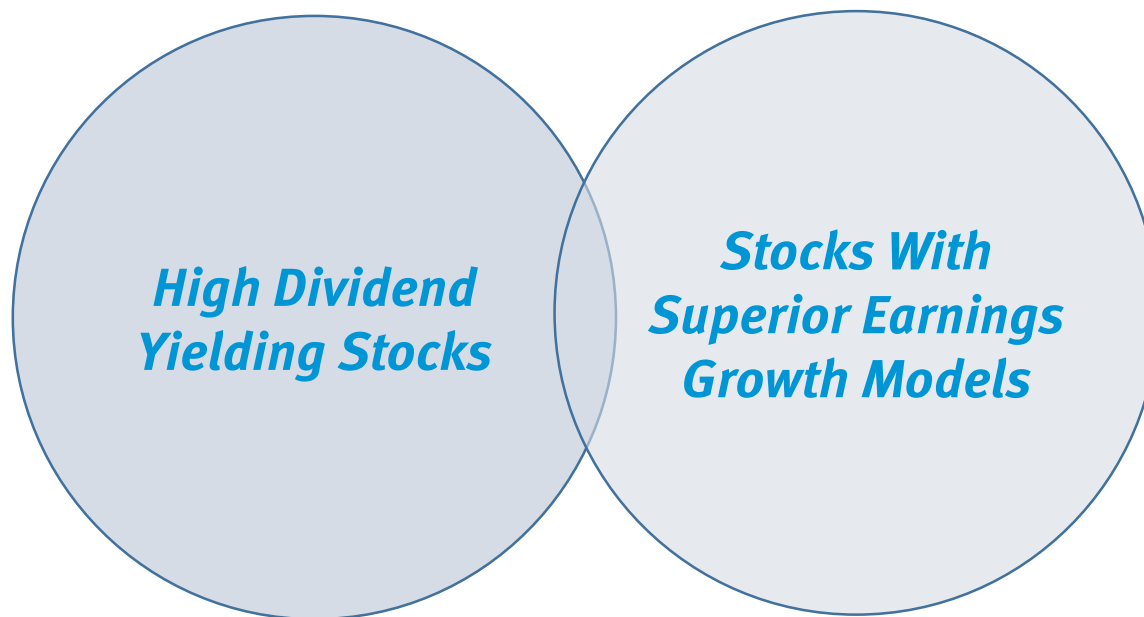
- Income
- Growth



# Value *and* Growth to Provide Balance

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The case for owning both high yielding dividend stocks and superior cash earnings generators at the same time may seem foreign to those caught up in the **Value versus Growth** tug of war. We don't believe they are mutually exclusive. In fact, we think they ***should coexist to provide appropriate balance*** in a lower for longer macro environment.



# Presenters

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**David S. Remey, CFP®, CIMA®, CPA**  
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David has more than 34 years of experience in the financial services industry. David graduated from the University of Central Florida with a double major in finance and accountancy. He began his career as a Certified Public Accountant (CPA) prior to entering the investment industry. To further his knowledge and areas of expertise, David attained the CERTIFIED FINANCIAL PLANNER™ (CFP®) professional certification from the College for Financial Planning and the Certified Investment Management Analyst (CIMA®) designation from the Investments and Wealth Planning Institute™, formerly known as Investment Management Consultants Association. With extensive knowledge in retirement planning strategies and investment-related aspects of estate planning, David has the expertise to meet the standards of high-net-worth individuals, professionals, business owners, retirees, and charitable foundations who are serious about building and preserving wealth. David is interested in long-term relationships, not individual transactions. He works toward forming these relationships by designing detailed financial strategies for individual clients that take into account their own investment needs, risk tolerance, tax liabilities, and personal considerations that might impact their investment decisions. Through a consistent commitment to excellence, he has built a solid clientele. His business thrives on referrals from satisfied clients and professionals. David resides in Ormond Beach and enjoys spending time with family and friends, attending church, and serving the community.



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Robert is Chief Investment Officer and Senior Portfolio Manager of the Global Leaders Portfolio and Core Retirement Portfolio. He joined the team in April 2014 and launched the Global Leaders Portfolio in July 2014. Robert was appointed Chief Investment Officer in March 2019. Robert has more than 30 years of investment experience. Previously, he was Portfolio Manager of the Growth Equity Strategy at Legg Mason Capital Management for 14 years where he managed over \$7 billion in assets. Robert is the author of nine investment books including the *New York Times* best seller, *The Warren Buffett Way*, widely considered to be the definitive book on the investment approach and strategies of Warren Buffett. Robert earned his Bachelor's and Master's of Arts degrees from Villanova University and is a Chartered Financial Analyst, and a member of the CFA Institute and CFA Society of Philadelphia.

# About EquityCompass

*EquityCompass Investment Management, LLC (“EquityCompass”) is a Baltimore-based equity investment management team that provides portfolio strategies with respect to assets of approximately \$3.7 billion.<sup>1</sup>*

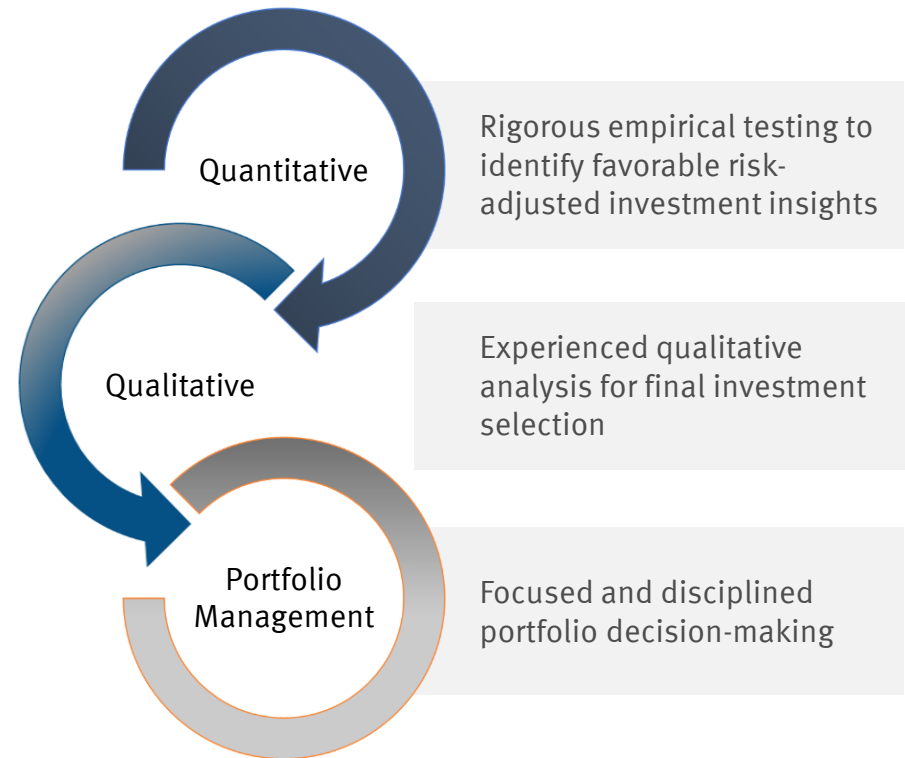
At EquityCompass, our mission as an asset management company is to provide investment solutions that address the needs of clients accumulating, protecting, and decumulating wealth. We aim to accomplish these goals with an organization culture that prizes intellectual honesty, open dialogue among colleagues,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

## Extensive Investment Experience

- Investment team led by Richard Cripps, CFA – former Managing Director of Portfolio Strategy at Stifel and former Chief Market Strategist and Co-Chairman of the investment committee at Legg Mason Wood Walker
- Senior members include Robert Hagstrom, CFA as Chief Investment Officer and Chris Mutascio as Senior Managing Director – both with 20+ years of investment experience
- Publishing investment research since 2001
- Offering investment portfolios on the Stifel platform since 2006

## Research-Driven, Risk-Managed Portfolio Strategies

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



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PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.

Additional Information Available Upon Request

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