

# Investment ADVISOR

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[ThinkAdvisor.com](http://ThinkAdvisor.com) | JULY/AUGUST 2019

An ALM Publication

# Rising Above the Market's Ups & Downs

Asset  
Manager  
Awards

2019

*Investnet uncovers the portfolios that outperform in different environments.*

## ► Small-/Mid-Cap Asset Manager of the Year

*Copeland Capital Management, Small Cap Dividend Growth Strategy*

Copeland Capital Management's small cap down-market dividend growth strategy wasn't bothered by the volatility of 2018. "It's a time when just being in dividend growth stocks" allows the portfolio to shine, since "the names we invest in have great resilience," according to Chief Investment Officer Mark Giovannello.

The portfolio manager adds that the strategy performed particularly well in the fourth quarter, when it outperformed the benchmark by 700 basis points. This helped the strategy win the 2019 Asset Manager Award in the small- and mid-cap category.

The down-market cap strategy has generated "excess returns in a variety of market environment," Envestnet analysts say. "Copeland also offered a clearly defined alpha thesis, which they executed with a disciplined approach in 2018, and their investors reaped the benefits."

What makes the firm's strategy different is that it invests in dividend growth securities, "not just in the mega cap blue chip stocks, [or] large caps, but down in small and mid-cap stocks, even in international dividend growth strategies," Giovannello says.

The firm was founded in 2005 with an initial strategy of large cap dividend growth. When Giovannello and several other managers joined it in 2009, "We had the idea to start participating in dividend growth strategy down-market cap," which he says differentiated Copeland from other strategists.

According to Envestnet, Copeland's investment process has three key elements: "1) building a universe of companies that have demonstrated consistent dividend growth, 2) employing its multi-factor quantitative ranking model to further winnow down its investable universe, and 3) bottom-up, fundamental stock research." Each component added to the firm's success in 2018, the analysts say.

"We actually are more proud of how we performed in the first three quarters of [2018], because we were able to keep up, even outperformed slightly, our benchmark even though dividend growth stocks were out of favor," Giovannello explains. "We were able to find some great growth companies ... that were able to keep up with the markets."

The team doesn't "spend a lot of time developing a



### Mark Giovannello

**Title:** Chief Investment Officer, Portfolio Manager

**Years with present firm:** 10 years

**Year in financial services:** 23 years

**Investment/asset class focus:** Small/mid cap strategies

**Asset Management Firm:** Copeland Capital Management LLC

**Firm's headquarters:** Conshohocken, Pennsylvania

**Year firm was founded:** 2005

**Number of employees and/or partners:** 23 employees, 18 of whom are partners

**Assets under management/advise as of Dec. 31, 2018:** \$2.8 billion

[market] outlook," he explains. "We don't try to make macroeconomic calls. We don't try to pick sectors that might outperform. We just do what we do, so that we know that we're always positioned in names that should be more resilient if there is a rough economy."

As for Copeland's ownership structure, it has broad equity participation, he says: "We have never

had anyone leave the firm from the investment team."

Its strategy seems to be working in 2019 as well. In early May, it is outperforming a strong market, Giovannello says. As a firm that was a runner up for the AMA award in 2018, Giovannello says, they were "thrilled" to take the honor this year.

"We had the theoretical idea back in 2009 that dividend growth investing could be deployed with a great risk-return solution. And now 10 years later, it's great to look back and say, 'here is an outperforming strategy with a lot less risk.' We've delivered on a theoretical idea."

PHOTOS: MORGAN PRINTY