



## U.S. Small Cap Strategy

## Investment Strategy

The Sapphire Star Small Cap strategy invests in domestically listed small capitalization stocks and ADRs that exhibit strong, sustainable, and improving fundamentals. The strategy also focuses on investing in those securities with asymmetrically favorable risk/reward profiles, while they are still inefficiently priced by the market relative to their upside potential.

By combining quantitative fundamental analysis with a robust risk/reward assessment the strategy is uniquely calibrated to consistently identify investments capable of providing superior long-term risk-adjusted returns.

## Portfolio Manager

**Michael J. Borgen**  
Founder & CIO



University of Nevada  
M.S., Economics  
B.S., Finance

Over the preceding two decades, Michael has researched, constructed, and managed a variety of systematic equity and equity derivative strategies, ranging across the market capitalization spectrum, first while with Navellier & Associates, as Senior Portfolio Manager, and currently at Sapphire Star Capital.

## Investment Team

Our team of investment professionals bring over two decades of quantitative equity research and portfolio management experience, as well as a rigorous, repeatable and time-tested investment process, which has been developed and refined over many years and multiple business cycles.

## Portfolio Holdings

# of holdings	49
Average Market Cap.	\$ 2.80 Billion

## AUM (\$MM) as of 6/30/2020

Total Strategy Assets	45
Total Firm Assets (M)	104

## Sector Exposures (%)

Electronic Technology	17.74
Consumer Services	12.56
Health Technology	12.27
Finance	9.98
Technology Services	9.40
Retail Trade	7.40
Commercial Services	7.23
Consumer Durables	5.26
Producer Manufacturing	4.49
Health Services	3.29

## Performance Statistics (Gross)

	Sm. Cap Trailing 3 Year	R2000 G Trail- ing 3 Year	Sm. Cap Trailing 5 Year	R2000 G Trailing 5 Year
Alpha	-.15%	0.00%	-.01%	0.00%
Beta	0.92	1.00	0.82	1.00
Standard Deviation	20.07%	20.46%	17.07%	18.99%
Sharpe Ratio	-.18	-.08	0.01	0.04

## Annualized Performance (%)

	YTD	1 Year	3 Year	5 Year	10 Year
Sapphire Star Small Cap (Gross)	-9.62	-20.50	-1.83	1.33	10.54
Sapphire Star Small Cap (Net)	-9.99	-21.26	-2.87	0.2	9.22
Russell 2000 Growth - Total Return	-3.06	-18.58	0.10	1.70	8.89

## Top Ten Stock Positions (%)

Wingstop, Inc	5.67
AudioCodes Ltd.	4.24
Fabrinet	3.96
Novanta Inc	3.84
TechTarget, Inc.	3.37
Mesa Laboratories, Inc.	3.14
Repligen Corporation	3.03
LPL Financial Holdings Inc.	2.93
Morningstar, Inc.	2.86
Choice Hotels Intl, Inc.	2.80

## Calendar Performance (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Small Cap	-9.62	22.87	-5.72	16.39	9.31	8.97	20.67	41.83	18.04	-0.45	25.02
Small Cap	-9.99	21.67	-6.84	15.30	7.95	7.66	19.05	40.15	16.55	-1.69	23.18
Russell 2000 Growth - TR	-3.06	28.48	-9.31	22.17	11.32	-1.38	5.60	43.30	14.59	-2.91	29.09

# Sapphire Star Capital Small Cap Wrap Composite

Reporting Currency U.S. Dollar

Year	Firm Assets (\$M)	Composite Assets (\$M)	Percentage of Firm Assets	Number of Accounts	Composite Pure Gross Return (%)	Composite Net Return (%)	Russell 2000® Growth Index Return (%)	Russell 2000® Index Return (%)	Composite Dispersion (%)	Composite 3-Yr Std Dev (%)	Russell 2000® Growth Index 3-Yr Std Dev (%)	Russell 2000® Index 3-Yr Std Dev (%)
2019	114	11	9.67%	5	22.87	21.67	28.48	25.52	N/A <sup>1</sup>	14.72	16.37	15.71
2018	109	5	2.24%	9	-5.71	-6.85	-9.31	-11.01	N/A <sup>1</sup>	11.29	15.99	17.07
2017	118	4	3.12%	9	16.39	15.30	22.17	14.65	N/A <sup>1</sup>	9.77	14.59	13.91
2016	112	5	4.11%	8	9.31	7.95	11.32	21.31	N/A <sup>1</sup>	12.37	16.67	15.76
2015	103	3	2.58%	4	8.97	7.66	-1.38	-4.41	0.05	12.15	14.95	13.96
2014	**	3	**	5	20.67	19.05	5.60	4.89	0.14	12.17	13.82	13.12
2013	**	2	**	5	41.83	40.15	43.3	38.82	0.18	16.46	17.27	16.45
2012	**	2	**	6	18.04	16.55	14.59	16.35	0.13	19.70	20.72	20.2
2011	**	2	**	8	-0.45	-1.69	-2.91	-4.18	0.08	22.40	24.31	24.99
2010	**	3	**	12	25.02	23.18	29.09	26.86	0.45	25.52	27.70	27.69

\*\*Firm Assets prior to 2015 equaled zero since the firm had not yet been established.

<sup>1</sup>N/A information is not statistically meaningful due to an insufficient number of portfolios for the entire year.

*Past performance does not guarantee future results. Investment in equity strategies involves substantial risk and has the potential for partial or complete loss of funds invested. Results presented include reinvestment of all dividends and other earnings.*

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