



# Stock in Focus

## Roper Technologies Inc. (ROP)

By the Loomis Sayles Global Equity Team



### THE LOOMIS SAYLES GLOBAL EQUITY FUND

- The Loomis Sayles Global Equity Fund uses a disciplined, bottom-up, unconstrained approach to investing.
- Based on deep, fundamental research, the Fund features a concentrated portfolio of high-quality companies with the ability to grow their intrinsic value.
- The Loomis Sayles Global Equity Fund's investment strategy features a long-term track record going back to 2004\*.

*\* This refers to the Loomis Sayles Global Equity Opportunity Composite upon which the strategy of the Loomis Sayles Global Equity Fund is based. The Loomis Sayles Global Equity Fund was launched on 1 November 2018.*



### STOCK IN FOCUS

Roper Technologies manufactures and distributes industrial equipment and software across four market segments: Application Software, Network Software, Measurement & Analytical Solutions and Process Technologies. Through its subsidiaries, the company offers solutions for a variety of niche end markets in over 100 countries and has generated annual revenues of \$5.4 billion as of 2019. Roper's broad range of solutions includes technology solutions for freight logistics, professional services software packages and health record software.

### INVESTMENT THESIS

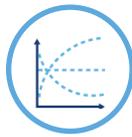
Roper Technologies meets our three alpha drivers of quality, intrinsic value growth and attractive valuation.

**Quality Assessment:** The company rates highly across our quality criteria : its management team executes an acquisitive business model, focused on purchasing cash generative, asset-lite companies in niche industries. By specifically focusing on consumables, replacement, and subscription based products, the company has generated an attractive recurring revenue stream (currently greater than 50% of total revenue) which we believe will grow over time.

By screening each acquisition opportunity based on an ability to add to long-term cash returns, Roper targets companies that do not require capital to fund growth. In addition, Roper limits the risk of disruption by focusing on companies in niche markets where strong supplier - customer relationships are important. A great example is the end-to-end enterprise software business Aderant, which provides solutions for law firms. The critical nature of the solution, high switching costs and domain expertise supports a 95% retention rate across approximately the company's 3,000 global customers.

### ABOUT LOOMIS, SAYLES & COMPANY

Boston-based Loomis Sayles has been managing money for investors since 1926. The firm currently manages over \$250 billion USD on behalf of clients worldwide. With extensive resources across the US, Europe and Asia, Loomis Sayles is well positioned to manage global equities and seek long term performance.



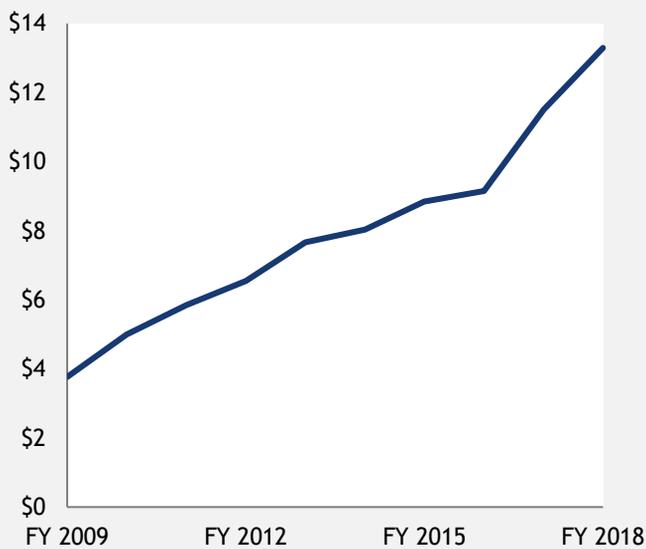
**Intrinsic Value Growth:** We expect intrinsic value growth to be driven by top line growth and margin expansion, primarily from the Application and Network Software segments which represent 62% of sales and 73% of company EBITDA.



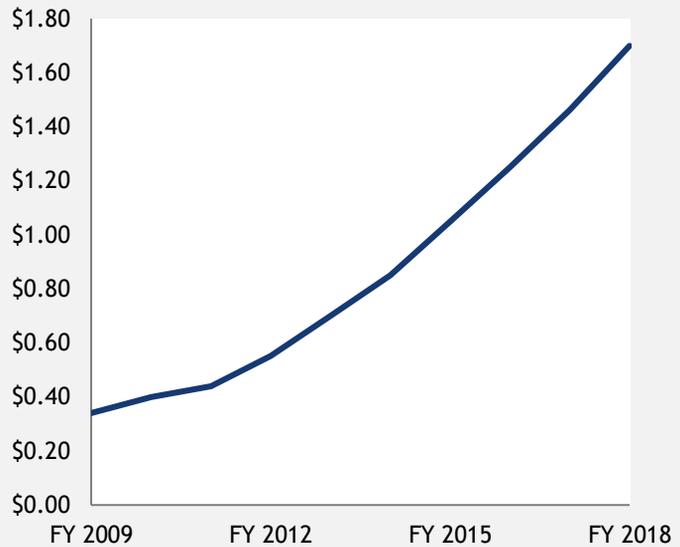
**Valuation:** Shares of Roper are attractively valued based on Loomis Sayles' Discounted Cash Flow (DCF) valuation methodology.

### KEY GROWTH & VALUE MEASURES

FREE CASH FLOW PER SHARE



DIVIDEND PER SHARE



Source: Bloomberg

The Loomis Sayles Global Equity Composite has been invested in Roper Technologies Inc (ROP) since September 2016, while the Fund has held a position in ROP since launching in November 2018. This investment reflects the rigorous investment process undertaken by the Loomis Sayles Global Equity team.

**Disclaimer**

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The fact that shares in a particular company may have been mentioned should not be interpreted as a recommendation to buy, sell or hold that stock.

This portfolio is actively managed, and holdings are subject to change. Reference to specific securities or holdings should not be considered recommendations for action by investors. There is no guarantee the portfolio continues to invest as indicated.

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