

July 31, 2023

Dear Investor,

We are pleased to report that the MayTech Global Growth Strategy posted a return of 13.80% net of fees for the second quarter of 2023 and 41.06% for the first half of the year. The MSCI All Country Index (ACWI) had a total return of 6.18% and 13.93%, respectively, for the same periods. Since inception, the Global Growth Strategy’s annualized return is 13.94%, net of fees, compared to an annualized return of 5.92% for the ACWI.

MAYTECH GLOBAL GROWTH COMPOSITE PERFORMANCE							
As of: June 30, 2023							
MAYTECH GLOBAL GROWTH	QTD	YTD	ANNUALIZED RETURN				SINCE INCEPTION*
			ONE YEAR	THREE YEAR	FIVE YEAR	TEN YEAR	
Gross	14.09 %	41.77%	35.80%	7.15%	13.01%	16.82%	15.33%
Net	13.80%	41.06%	34.36%	5.98%	11.74%	15.44%	13.94%
MSCI ACWI (TR Net)	6.18%	13.93%	16.53%	11.00%	8.10%	8.76%	5.92%

\*Inception: 6/1/2008

### Q2-2023 Portfolio Review

During the second quarter, MayTech Global Growth Strategy benefited from a continuing broad market recovery in technology, healthcare and emerging markets. The catalyst for improving sentiment is inflation data, which suggests that we are near the end of the rising interest rate cycle. Several of our portfolio companies are executing plans for cutting costs and improving margins, which has supported higher stock market valuations. Fortunately, damage from the banking crisis was contained but it generally highlights the strong balance sheets and cashflow characteristics of our portfolio companies, as evidenced by their Q1 earnings reports. Enthusiasm for artificial intelligence (AI), which began in the first quarter continued as a positive driver in the second quarter.

### Top and Bottom Contributors

TOP 5 CONTRIBUTORS			BOTTOM 5 CONTRIBUTORS		
COMPANY NAME	TICKER	CONTRIBUTION %	COMPANY NAME	TICKER	CONTRIBUTION %
NVIDIA	NVDA	5.77 %	US DOLLAR		0.00%
AMAZON	AMZN	1.59%	DR. REDDY	RDY	-0.06%
META	META	1.46%	PAYPAL	PYPL	-0.53%
APPLE	AAPL	1.42%	MERCARDO LIBRE	MELI	-0.61%
INTUITIVE SURGICAL	ISRG	1.17%	SEA	SE	-1.15%

\*Based on a representative account.

Data source: Bloomberg.

## Top 5 Contributors

**NVIDIA** continues to benefit from AI's iPhone moment as it did during the first quarter. Our outlook for Nvidia has not changed from the first quarter. The company is a leader in accelerated computing and AI with its portfolio of semiconductors, software, hardware systems and managed cloud services. The stock has appreciated significantly; however, we remain confident that the company has a long runway of growth and should continue to post strong results as its data center business benefits from the accelerated adoption of AI and the gaming sector recovers from an inventory correction.

**Amazon** reported first quarter results that showed a strong improvement in operating income which helped fuel gains in the stock. Amazon remains a leader in ecommerce with over 40% market share in the US. We expect ecommerce penetration in the US to increase from about 21% currently to over 40% during the next few years. Amazon Web Services remains a leader in cloud computing. The company has also emerged as a leader in digital advertising. We continue to have a positive outlook for the company.

**Meta** continues to benefit from investor enthusiasm for its cost-cutting and efficiency efforts. The company declared 2023 to be the "Year of Efficiency" and announced it will reduce headcount by almost 25% from 3Q levels, cut expenses by 12% and lower CAPEX by 14%. Importantly as the company develops financial discipline, revenue growth is poised to reaccelerate as the company laps Apple's privacy policy changes, TikTok faces increased regulatory scrutiny and Reels continues to show improved monetization. We believe the company is one of the few that could emerge as a leader in the AI space, leveraging it to improve privacy, safety and monetization.

**Apple** benefitted from its strong financial position during the banking crises. The company has about \$165 billion in cash, and we think it will generate about \$100 billion per year for the next three years. We expect that PC and phone sales will remain muted as the year progresses. However, we continue to believe that its services business is developing into a long-term driver of profitable growth.

**Intuitive Surgical'** s first quarter results were strong, reflecting a recovery in procedure growth as utilization rates grew and hospital staffing started to normalize following COVID. Our outlook for the company is positive as we expect it to roll out new systems, maintain its competitive advantage and pricing power over new entrants, and because robotic surgery remains generally underpenetrated with less than 5% of procedures globally.

## Bottom 5 Contributors

The bottom 5 contributors include: Cash, Dr. Reddy, PayPal, MercadoLibre and Sea Ltd.

**Cash** We continue to believe that as we approach the end of rising interest rates, that cash will be a drag on returns and will carefully be putting it to work.

**Dr. Reddy** is an Indian pharmacy company that makes generic drugs. We exited the position during the quarter and redeployed the funds to build a position in Eisai, which is a Japanese pharmaceutical company with an innovative product in Alzheimer Disease.

**PayPal** is a leading "FinTech" company. It has market-leading consumer facing assets with PayPal and Venmo and a fast-growing payment process business. The company is searching for a new CEO as it



focuses its efforts on its core businesses. We expect the announcement of the new CEO to be a positive catalyst for the stock.

**Mercado Libre** is a leader in the fast-growing Latin American ecommerce market. We continue to have a positive outlook.

**Sea Ltd.** is a leader in ecommerce and online gaming in Southeast Asia. We have a positive view on the economic outlook of the region mostly due to Globalization 2.0. However, competition in the region is heating up with Lazada and TikTok Shop continuing to invest in the area, we will closely monitor the evolving competitive landscape.

### **Market Outlook**

Investors have become more optimistic as recent economic data suggests that inflation is cooling, the end of the rising interest rate cycle is near, and a soft economic landing is possible. The improved outlook coincides with a renewed interest in technology investments, in part driven by enthusiasm for Artificial Intelligence (“AI”).

MayTech’s long-term belief has been that the next big computing platform shift would relate to machine learning, accelerated computing and AI. We see the AI transformation as one of the most important technological advances, potentially bigger than the development of the Internet. Our investment approach to AI follows our historical path of focusing on where in an industry’s supply chain value will accrue, and which companies will potentially come to dominate. Our ongoing research around AI led us to several conclusions. First, that graphic processing Units (“GPU”) would be the central and foundational technology. Secondly, that the core intellectual ideas driving the algorithms will be open sourced. Consequently, the cost and complexity of managing the large amounts of data and fine tuning the algorithms will create a competitive advantage that will favor companies with large scale. Finally, each technology platform shift has given rise to new dominating companies.

The three essential ingredients for AI are data, algorithms, and computing power. We are in a period where advances in the three ingredients have crossed a threshold where AI can become commercially viable. Individuals, companies, and governments have access to massive amounts of digital data with more being created every day.

We have long held that view that central processing units (“CPU”) would not be able to handle the workload of AI and that GPUs will become the central semi-conductor technology in the next wave. CPUs will still be needed but all the heavy lifting will be done by the GPU. This is because CPUs process instructions serially, one at a time. GPU on the other hand processes many thousands of instructions at the same time which is well suited to AI algorithms which are the same mathematical operation applied across billions of data. The potential for AI to radically improve productivity and drive change will drive the need for more semi-conductor chips.

Outside of the technology domain, recent breakthroughs in biomedical sciences have also been very exciting. In addition to the successful uptake of Wegovy, an obesity treatment marketed by our portfolio company Novo Nordisk, Lequemb, a disease-modifying therapeutic drug for Alzheimer Disease gained full approval by the FDA in early July. Eisai, the Japanese pharmaceutical company that led the R&D of Lequemb through decades of persistent hard work, was added to our portfolio during the 2<sup>nd</sup> quarter.



Alzheimer disease poses a formidable challenge to the global aging population with significant unmet medical needs. We believe the potential market for Lequambi could be as large as \$10B in the next 5 years with coverage by both Medicare and Medicaid.

For the 2<sup>nd</sup> half of this year, we are optimistic about the global economy as inflation continues to subside and AI technologies advance and penetrate different industries at a fast pace. MayTech will continue to focus on companies well-positioned to capitalize on these significant secular growth trends, such as ongoing digitalization, artificial intelligence and advances in healthcare technology. An elite few among these companies will come to dominate their markets and develop healthy business fundamentals such as strong balance sheets, proven profitability and the ability to extend their growth by expanding into new markets through innovation. Our time and efforts are spent on identifying and tracking these companies.

In the post-Covid world, we believe the companies that could deliver above-average profitable growth will be prized by investors and deserve a scarcity premium. While we anticipate challenges, we see many wonderful investment opportunities.

Thank you for your continued trust and support.

Sincerely,

Nels Wangenstein and Ingrid Yin, Ph.D.

Important Disclosures:

The views and opinions expressed herein are those of the portfolio manager and is subject to change without notice. This article is for informational purposes and should not be considered a solicitation to buy, or an offer to sell, any security described herein. Our thoughts on specific securities identified herein does not constitute investment advice and should not be used as such. Investing in securities presents the risk of partial or complete loss of capital that investors should be prepared to bear.

The Global Growth portfolio is actively managed and is subject to change. The performance of the Global Growth Strategy quoted above represents past performance of the composite and is presented gross and net of all fees and expenses. Individual account performances may vary due to slight differences in allocation weights and investment objectives. Current performance may be lower or higher than the performance information quoted. For information on the composite and the composite's performance calculation, please contact us at [info@maytechglobal.com](mailto:info@maytechglobal.com). PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RETURNS.

Certain information contained in this document may constitute "forward-looking statements," which can be identified using forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend" "continue," or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of any strategy or market sector may differ materially from those reflected or contemplated in such forward- looking statements. The Top 5 and Bottom 5 figures are based on a representative account which is an account since inception that is not materially different in terms of allocations and performance compared to other accounts in the composite. We expect the top and bottom contributors to be the same for the representative account as for the composite.

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The Global Growth Strategy has been managed under MayTech since 1/1/2017. Performance prior to that date occurred while the portfolio manager was with different firms. The Strategy was established on 6/1/2008 and its composite has been GIPS verified since inception until 12/31/2022. Prior to 1/1/2012 the Strategy was known as Opportunistic All Cap Growth and continues to be managed in substantially the same way. Attribution data is derived from a representative account, which is an account since inception with no material dispersion to other accounts in the composite.

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Index Definitions:

The MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries\*. With 2,888 constituents, the index covers approximately 85% of the global investable equity opportunity set. The ACWI is not intended as a direct comparison to the performance of the Global Growth Strategy. It is intended to represent the performance of a sample of the overall equities market in the regions in which the index tracks. The index cannot be purchased, is unmanaged and does not incur fees. The performance and volatility of the AWCI will vary from that which a potential client would experience in the Global Growth Strategy.

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