

# Emerging Manager Monthly

## MayTech Global Riding Waves Of Technology To Growth

MayTech Global Investments' focus on the accelerating pace of change and technological innovations has it growing toward a major asset milestone less than a decade into its journey.

Co-founded by Managing Partners and Portfolio Managers Nels Wangenstein and Ingrid Yin, New York-based MayTech has grown to \$850 million in assets under management today from its launch total of \$130 million in 2017. The firm's separately managed accounts have also grown to 181 from 50 over that seven-year time span and is on five model delivery platforms.

"I feel to some extent, we're at this point now where our AUM growth is starting to inflect," Wangenstein said, noting that the team feels great about its trajectory toward \$1 billion in assets under management.

The MayTech Global Growth Equity strategy returned 55.85% compared to 25.72% from the MSCI World Gross Index over the one-year period ending March 31, which built on outperformance over the two-, three- and five-year periods as well as a 17.59% return versus 8.46% from the benchmark since June 2008, according to the PSN Informa database.

Wangenstein noted that the firm's concentrated strategy, which is comprised of 20 to 30 names, "can generate real alpha for investors." Among MayTech's investors are the State Universities Retirement System of Illinois, which has a roughly \$42.2 million investment in the firm through emerging manager-of-managers Xponance.

The global equity manager has long believed in the transformative power technology has on life. The team's research and investments have kept it on that pulse, whether it was investments in companies focused on the digitalization of the economy, or advances in medical science, or major demographic shifts.

"We combine thematic identification and deep bottom-up research. A secular theme tells us where to find growth. Once we identify an industry that's getting disrupted, we want to quantify how big the addressable market is. When we confirm it is a sustainable, long-term change, we

study the supply chain to find out where value creation will shift with disruptive inventions or service," Yin said.

For years, MayTech has invested in DexCom, which makes continuous glucose monitors, a "game changing technology for diabetics," according to Wangenstein. Because of the strong link of diabetes and obesity, and Yin's background with a Ph.D. in biochemistry, MayTech had long been doing research on GLP-1 drugs, a new class of drugs now quite well-known under commercial names such as Wegovy, which was approved by the FDA for weight loss in the chronically obese in 2021.

### Seven Years Ago

#### Technology-Focused Global Equity Manager Lifts Out

As technology continues to take a central role in everyday life and business, a new global growth equity manager has launched looking to bring a unique perspective to the markets-and institutions.

The firm, MayTech Global Investments, lifted out of Integro Asset Management on Jan. 1 with approximately \$150 million in assets under management and is led by Nels Wangenstein and Ingrid Yin, co-founders, managing partners and portfolio managers.

"We think we are at a critical juncture in terms of what is going on in how technology is driving the restructuring of the economy," Wangenstein said, explaining that the pace of change is going to change dramatically over the next five-to-10 years. "It is a great time to bring it out and highlight as a stand-alone strategy."

"We are seeing services and products emerge that were only a few years ago considered impossible... change is compounding and will become much faster and much more disruptive than people realize," he added.

The New York-based firm has a 9-year track record in its strategy, which is a high conviction portfolio with 20-to-30 holdings.

While the strategy's investment thesis focuses on technology, it is not a technology fund and invests across sectors.

"We are looking for industries that have large addressable markets, meaning they are big with billions of dollars of opportunity and we are looking for disruptive change taking place in that industry and who is driving that change," Wangenstein said.

The process looks to understand industry dynamics, how companies are competing with each other, relationships between suppliers and customers as well as new entrants and new products coming into the market, he said.

The firm also looks for companies with efficient management teams.

"For that we are talking about if the management team is able to use technology most efficiently to grow the business, offer new services and market its product," Yin said.

The strategy's initial position size is on average 4%, with



Nels Wangenstein



Ingrid Yin

holdings allowed to grow to upwards of 15%. "Letting your winners run is part of the strategy," Wangenstein said.

Yin noted that the firm does not go above 40% in an individual sector and has average annual turnover of less than 20%.

"That gives us a good edge over many competitors. Our investors tend to be very patient and they allow us to really invest if there is a panic about a company," she said. "That allows us to think for a longer time and be able to pick up good companies at a lower price."

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Partners to assist in its marketing efforts. The marketing focus initially is on institutional investors, including both emerging manager platforms and more traditional investors.

All of the firm's clients have moved over from Integro and the firm's track record is GIPS compliant.

"The people at the old firm have been super helpful, very supportive of the whole process," Wangenstein said, noting that the prior firm does not have economics or a stake in the new firm.

The current client roster largely consists of high-net-worth investors but also includes some institutional clients including foundations and some corporations, Yin said.

Wangenstein said that the firm believes that the world is trending to fewer and larger winners, which has a dramatic impact and implications on the economy.

"A lot of investors are getting left behind," he said.

"We knew the safety profile was clean with this molecule and there wasn't an effective, and safe obesity drug before GLP1. That's why the obesity market historically has been small. So, once this product was approved, we saw a validation of not only efficacy, but safety. Wegovy can help patients to lose weight by 15%, which is meaningful because it really kicks off a virtuous cycle for these patients. We really believed this market could become \$50 billion to \$100 billion in the next decade because so many people could benefit from it. Our estimate was, I think, at the time, more than ten times higher

than the street consensus. We did have a differentiated view about the obesity market," Yin said, noting the firm had zeroed in on Wegovy manufacturer Novo-Nordisk for investment due to its longstanding history of treating chronic diseases like diabetes and obesity, with next generations products in the pipeline.

The MayTech team is also growing, which, in addition to Wangenstein and Yin, includes CCO and Operations Manager Tibor Nemes, Relationship Manager Kelli Walker, Operations Associate Derek Zhou and Equity Research Associate Bennett Katz. The firm will also add another full-time analyst who had served as an intern for the firm, according to Wangenstein.

MayTech will also welcome a new head of distribution and a marketing associate. The firm initially started its marketing efforts with help from a third-party firm, Arrow Partners, upon launch.

"Arrow got us known and took us around, and it was a cost-efficient way to do that," Wangenstein said. "But as we've grown, we need to bring in our own team. The institutional clients look for it to see you are making that progress."

"We do think an internal salesperson who deeply understands our investment philosophy, process, and is able to talk about the thesis of each portfolio company with investors would provide a lot of value to prospective clients," Yin said, adding that the team encourages its sales team to participate in the morning research meetings to better assimilate themselves into the firm's investment approach.

While MayTech continues to grow, the firm is also always searching for the next technological themes that will shape the world. Unsurprisingly, Wangenstein and Yin are high on the impact that artificial intelligence will have on the global economy moving forward.

"This is the next big wave of technology, the 4th industrial revolution, and you only get a few of these in your investing lifetime," Wangenstein said. "So, you want to make sure you get it and you get it right."





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