

THE WALL STREET TRANSCRIPT

Connecting Market Leaders with Investors

Looking for Global Growth Through Innovative, Disruptive Companies



NELS WANGENSTEEN is Co-Founder, Managing Partner, and Portfolio Manager at MayTech Global Investments. Before co-founding MayTech in 2017, Nels was a Principal and Portfolio Manager at Integre Asset Management, where he managed the Global Growth Strategy since 2008. Earlier he was a Portfolio Manager at Neuberger Berman (1999-2008), and at Ingalls & Snyder (1998-1999). Previously, he was a vice-president at the Industrial Bank of Japan and was an Analyst at the Bank of Montreal. Nels began his career at Coopers & Lybrand. Nels is a trustee of the Panaphil Foundation and the Uphill Foundation. He received a B.A. in political science from Colgate University and an MBA from New York University.



INGRID YIN, Ph.D is Founder, Managing Partner and Portfolio Manager at MayTech Global Investments. At the 2018 SupChina Women's Conference, Ingrid was chosen as the U.S. recipient of the Female Rising Stars Award. Prior to co-Founding MayTech, Ingrid was the Managing Director of China Equity Research at Oppenheimer & Co. Previously, she led China research as a Senior Research Analyst at Brean Capital, an Asian Equity Analyst at Wellington Management, and a global healthcare specialist at Sirios Capital Management and Jefferies Asset Management. Before her career in finance, Ingrid was a Research Fellow and Senior Research Scientist at Memorial Sloan-Kettering Cancer Center. She is a board member of Gilda's Club, and received a B.S. from Beijing University, an MBA from MIT Sloan School of Management, and a Ph.D. in biochemistry from SUNY-Stony Brook.

SECTOR — GENERAL INVESTING

TWST: Could you please identify yourselves?

Mr. Wangenstein: Ingrid Yin and I are Co-Founders and Portfolio Managers at MayTech Global Investments.

TWST: Could you tell me a little bit about the firm?

Mr. Wangenstein: We launched MayTech Global Investments in January of 2017. We run a global growth investment strategy. Although we launched the firm in 2017, we brought with us a long-term, 10-year GIPS-verified track record starting June 1, 2008. We're based in New York.

TWST: Are there different strategies that you and your colleagues work on?

Mr. Wangenstein: We run one strategy, a global growth strategy, which is really benefiting from big trends we see driving the global economy. These trends center around advancements in innovative technologies. In addition, there are a couple of billion new consumers

coming into the global economy on top of demographic changes, such as aging populations.

TWST: Maybe you could talk a little bit about the investment philosophy of the firm?

Dr. Yin: We invest based on our view of the world and at the current moment, we see the world changing very fast. Technology is transforming the world. So innovation is the big theme we invest in.

Mr. Wangenstein: I guess I would add that we see the pace of change accelerating across the global economy, both in information technology and advancement in healthcare. And we see the environment becoming increasingly, winner takes all, or at least, winners take most. So, the bigger are getting bigger.

TWST: How do you approach investments?

Mr. Wangenstein: Well, it's driven by this thematic approach -- the forces that we see driving the global economy and then from there, we look for which industries or sectors of the economy are

being disrupted. We then seek to identify the winners from this and very often what we've seen is that the incumbent companies within an industry, even though they may recognize and understand the change taking place, have a hard time responding to it. So, we're looking for companies that are taking new technology, building essentially new service models and addressing large markets with very scalable solutions.

TWST: Did you want to highlight a company that you find interesting right now?

Mr. Wangenstein: It would probably be good to highlight what has been one of our largest investments, a company listed in Hong Kong Stock Exchange called Tencent. Tencent epitomizes what we are looking for in an investment. It is serving a huge population and has close to a billion users of their mobile apps. They are actually quite defensive in nature even though they are growing rapidly because they provide a communication platform across this very large and diverse base. They give away their core product for free and then monetize it by selling value-added services, whether it be gaming or payments or e-commerce.

TWST: What might investors not realize about MayTech that might be interesting for them to know about it?

Mr. Wangenstein: I think one thing that's important for investors to realize is, even though MayTech is new, we've been executing this strategy since the late 1990s. So, we've had the same investment philosophy, spanning quite a long time period with excellent results. There is definitely a clear proof of concept in our history.

Dr. Yin: I would like to highlight that the annualized returns for the since inception in June 2008 is 14.82% net of fees. So, we're beating our benchmark, which is the MSCI ACWI. We're also beating the S&P by a significant margin as well.

TWST: Does this company focus mostly on the Asian markets or is it a global?

Dr. Yin: It is a global strategy.

Mr. Wangenstein: We are looking for where we can see growth, where we can find companies or opportunities, that are growing rapidly and where there are big addressable markets.

TWST: What's on the horizon for MayTech looking ahead for the next couple of years that investors might want to be aware of?

Dr. Yin: We really feel big opportunities are ahead of us. Many investors we talk with are very concerned about the market. It has been a bull market for a long time and for good reasons there are concerns about the geopolitical risks. We invest in companies that are going to benefit from unprecedented trends and innovations. Some of

these trends are going to help us through economic cycles. These big secular trends will benefit our portfolio companies. I can give you example of one of our names, it's called Illumina.

TWST: Before we get to that one, do you think we could maybe just develop this a little bit with Tencent as an example. What might be ahead for Tencent that might be interesting for investors to know about?

Mr. Wangenstein: Sure. Let me bring this to life with a couple of examples, Tencent and Amazon. These companies have been so successful and become so large that investors need to be reminded that there is still a tremendous amount of growth in front of them. For example, on the Tencent platform, the rate of monetization is still quite low -- so there is the ability for them to add on other revenue streams. It has the ability to penetrate into other areas of the economy such as finance, e-commerce, and payments. People wonder how much bigger

Amazon can get. We are firm believers in the concept of the S curve or

Highlights

Nels Wangenstein and Ingrid Yin discuss MayTech Global Investments, LLC. They manage a global growth investment strategy. While the firm is new, Mr. Wangenstein and Ms. Yin have been executing this strategy since the late 1990s. They invest based on their view of the world and the big trends that are driving the global economy. Currently, innovation is the big trend Mr. Wangenstein and Ms. Yin invest in, which includes technology, health care and emerging consumers. Once they've identified these global drivers, Mr. Wangenstein and Ms. Yin look at which industries or sectors are being disrupted. From there, they identify the winning companies, those that are addressing large markets with scalable solutions, to build a high-conviction, concentrated portfolio.

Companies discussed: [Tencent Holdings Ltd. \(OTCMKTS:TCTZF\)](#); [Illumina \(NASDAQ:ILMN\)](#); [Amazon.com \(NASDAQ:AMZN\)](#); [MakeMyTrip Limited \(NASDAQ:MMYT\)](#) and [Ctrip.com International Ltd. \(ADR\) \(NASDAQ:CTRP\)](#).

1-Year Daily Chart of Tencent Holdings Ltd.



Chart provided by www.BigCharts.com

the substitution curve for adoption. When you look at the penetration of e-commerce in the United States, it is still only 13% of total retail sales. Even though there are so many Amazon deliveries coming to peoples'

homes every day, still a very small percentage of our retail spending is online. And the history has shown us that when adoption gets into the mid-teens, growth accelerates. So we believe Amazon's e-commerce business is going to have many years of very strong growth ahead of it.

TWST: Ingrid, did you want to talk about Illumina?

Dr. Yin: Yes. Illumina is a leader in genome sequencing. This company has lowered the cost of whole-genome sequencing significantly and its products are used throughout the world for population genome studies as well as in personalized and preventative medicine. We are at

facilitate digitalization of the economy. It has been our experience that travel is one of the early areas we see spending pick up, making online travel agents one of the better and more leveraged ways to play that. Currently, the market cap of MakeMyTrip is approximately \$4 billion. In comparison, you can look at Booking.com and Ctrip which have market caps of about \$103 billion and \$27 billion, respectively. So, we have identified MakeMyTrip as an early play in the consumption growth in India.

TWST: When you look at future growth, what areas are they going to concentrate on that might be most promising? Is it the individual travelers, maybe the business travelers, is it people who are going just on simple vacations or those that are going globally?

Mr. Wangenstein: I think the first round will be for consumer travelling domestically inside of India. People having enough money to finally take a vacation or travel to see other parts of the country that maybe they haven't been able to before. In the travel industry, hotel booking is really the most profitable part of the business.

TWST: Ingrid, I see that you've also worked a lot on Chinese equities. And if you were talking to investors, what are one or two things you might be able to advise them on? A lot of investors are interested in expanding their investments more when it relates to China? What advice could you give them about precautions they might want to take and just some general rules of thumb?

Dr. Yin: I've covered this space since 2007. Investors are always very interested in China, but at the same time, there is also fear about investing in China. There are times people worry about corporate

1-Year Daily Chart of Illumina



Chart provided by www.BigCharts.com

“However, I think the due diligence is a big part of it. You need to find people who specialize in this area, who really have the experience of investing in this space, because it is a different market, a different country, a different culture. So you have to really understand bottom-up what’s going on there. So I am optimistic about investment in China.”

the very beginning of how this technology could be utilized to improve the health of human beings. Even though the company has done well and is growing at a rapid pace, we really think the penetration and the adoption of this technology -- will happen in the years to come.

Similarly with Tencent and Amazon, when investors talk to us, sometimes they are very much held up by valuation of the company and often they question whether the company has done too well for too long. If you look ahead to find out that these addressable markets are actually multiple times bigger than what people think, you can develop confidence in holding these names in the portfolio.

TWST: Did you want to mention another company?

Mr. Wangenstein: We've talked about some large cap companies so far. But on the smaller end of the market cap spectrum, one company we're very interested in is called MakeMyTrip, an online travel agent in India. India obviously has a very large consumer population as its per capita GDP has gotten to a critical threshold where discretionary spending can start to increase. In addition, it is building robust mobile broadband networks which will

governance or confused about the GDP accuracy. My thoughts for investors is look at the big picture. China's GDP is now the second largest in the world because of its fast growth. In the next five years its GDP will be very close to or even possibly bigger than the US GDP. A country with such a big population, an emerging middle class and soon to become the number one economy in the world, there are so many opportunities. However, I think thorough due diligence is important. You need to find people who specialize in this area, who really have the experience of investing in this space because it is a different market, a different country, and a different culture. You have to really understand bottom-up what's going on there. I am optimistic about investment in China, however one must seek out the advice from very experienced specialist to invest successfully. Our combined investment experience in the China space is close to 30 years. Nels has been investing in China since 2000. We understand that market very well and also know the landmines and red flags to pay attention to.

TWST: You mentioned landmines and red flags. Maybe

you could give an example or two of some of the pitfalls that are out there that the people really need to be careful of as they look at the region?

Dr. Yin: I think because of opportunity set, the potential market is still huge. So, it is easy for any company to come to pitch about that big potential. I think you have to look carefully if the business model is sound -- are they in a very competitive area and not the leader or is the management competent enough to handle the risks? So, there are a lot of boxes we have to check before we really put money to work in that region.

TWST: In addition to China, I understand you have a

introducing new medical products to China. So, we think it's another leg of growth for that sector.

Mr. Wangenstein: We've tried to be focused on companies that are doing real science and research. And one of the advantages I believe we have at MayTech is that, Ingrid, with a PhD in biochemistry, and who was a research fellow at Memorial Sloan-Kettering Cancer Center, can help us distinguish between what's real and what's not real. Because, as Ingrid has mentioned, this is such a hot area, especially outside the US that it's very competitive and there could be smoke and mirrors. You really need to have someone who can help you cut through all the noise and sort out

"We see in China not only the aging population but also the pent-up demand to catch up with these technologies. That will drive the growth of these companies. The China government is also very open right now to introducing new products in health care to China. So we think it's another leg of growth for that sector."

background in biochemistry and I was just wondering for investors that are interested in healthcare, what are a couple of pieces of advice and some trends out there that you think people should be aware of? It seems to me that there is also more of a global market because some of the developing countries are seeing some of the similar diseases that you are finding in the developed world now, like diabetes and things like that occurring more frequently.

Dr. Yin: It's going to be a substantial market. Its population is aging and that aging population will go through a period of time where the demand for medical care is huge.

Mr. Wangenstein: I'd like to add that we are very excited because we see so many rapid advances in healthcare. We are going to see massive changes over the next few years in different ways that people get treated, and patients are going to get treated earlier. And in particular -- immuno-oncology and gene therapy, to name a couple of areas that we're pretty excited about. We see these companies developing drugs for treatments for some indications, which will eventually be extendable across multiple different kinds of diseases. So, I think it's a super-exciting time and potentially going to be very disruptive.

Dr. Yin: Another thing I would like to add is, if you compare the availability of healthcare treatments, the therapies, we could be talking about therapeutic agents or medical devices. In the United States or developed countries, there are so many choices. But in China, many options are not available. There are a lot of cancer drugs that are not on the market there. And for diabetes and cardiovascular diseases, the same pattern exists. We see in China not only the aging population, but also the pent-up demand to catch up with these technologies. That will drive the growth of these companies. The Chinese government is also very open right now to

what's fact and what's fiction.

TWST: In changing gears a bit, I mean when you talk with your investors and clients about the market and what lies ahead in the next year or two, what are some of the concerns that they bring up?

Mr. Wangenstein: I would say our investors are largely pretty happy, but it's a confusing time because the global economy, including the US economy, is doing well and earnings growth is strong. But a lot of volatility has been interjected into the market, essentially due to politics. We are actually positive about the economy and the market for this and next year and we don't see any big imbalances in the economy. Unemployment is at historically low levels. We want to watch to see if that's going to lead to wage gains and higher inflation, forcing the Fed to raise rates more than people are anticipating. But there is not anything we are too concerned about yet today.

TWST: Do you think that investors for the most part realize they need to have a balanced portfolio and look to emerging markets as part of their investment strategy simply because there are so many opportunities out there?

Mr. Wangenstein: First of all, I think this concept of emerging market versus developed market is a bit misplaced. If you look at the data, there is actually a huge group of consumers in places like China and India that are more in the middle. This concept of developed versus undeveloped has probably caused investors to miss the fact that there are huge consumer markets outside of the US.

TWST: It's sort of been a relearning process for a lot of investors. They, with their own eyes, see people going to shopping malls in the United States, but they don't get the idea until they see the data maybe that there are similar trends happening in China and India and other parts of the world?

Mr. Wangenstein: Yes. I think that's a phenomena that we

have benefited from, there are a lot more consumers in the world than people realize.

TWST: Anything we didn't talk about you care to mention either about the firm or on investment strategies?

Dr. Yin: I'd like to talk about our focus. We look for companies that have the technology to disrupt traditional industries. So, our focus is in technology, healthcare and emerging consumers. This allows us to utilize our resources to build a high conviction, concentrated portfolio which I believe is the key to our excellent performance record.

TWST: Thank you.

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