

BOUTIQUE OF THE WEEK

WE SHOWCASE A LESSER-KNOWN MANAGER FROM A SMALLER SHOP RUNNING A UNIQUE OR IMPRESSIVE STRATEGY

INSIDE... MAYTECH GLOBAL INVESTMENTS

LOCATION



NICOLE PIPER

HOW THE FIRM WAS FOUNDED:

Nels Wangenstein and Ingrid Yin (below) met in 2009, when Wangenstein was a principal and portfolio manager at Integre Asset Management and Yin was a senior research analyst covering Chinese consumer healthcare at Brean Capital.

'When I met Ingrid, I was looking for some healthcare ideas in China. She introduced me to a couple of companies that turned out to be very successful investments,' Wangenstein said.

Several years later, when Yin left a role as a senior research analyst at Oppenheimer, she and Wangenstein began discussing how they could combine their expertise to analyze global economic growth. This conversation led to the launch of MayTech in January 2017.

FLAGSHIP FUND OR STRATEGY:

The firm's flagship strategy, the Global Growth strategy, consists of between 20 and 30 securities in areas of significant growth potential, including healthcare and fintech.

The all-cap, long-only strategy is primarily made up of SMAs, and it is benchmarked against the MSCI ACWI. It launched in 2008, when Wangenstein was still at Integre Asset Management. He brought the fund and its track record with him to MayTech.

PROCESS:

Aiming to tap into technological advances, regulatory changes, emerging consumers and demographic shifts, the investment process involves both investment-related and scientific research.

'Because we have a concentrated portfolio and our holding period tends to be long-term, it means we have a low turnover,' Wangenstein said. 'We have more time investigating ideas before they come into the portfolio.'

'Our long-term focus allows us to look over temporary setbacks or small failures that any company might encounter,' said Yin, adding that having friends and contacts in the industries they cover also helps.

After the research is done, Wangenstein and Yin look at industry dynamics to evaluate an investment's potential. Some factors include how different players compete with one another and whether the market has high barriers to entry.

PHILOSOPHY:

When selecting securities to fill the portfolio, Wangenstein and Yin consider a point once made by Amazon chief executive Jeff Bezos: Think about what's *not* going to change, and structure your business around that.

'The gap between winners and losers is likely to widen, so it's our goal to make sure we're on the right side of that,' Wangenstein said.

ONE THEY GOT RIGHT:

The strategy invested in Tencent before the Chinese tech giant was the behemoth it is today.

'If you're clever, these businesses have a lot of natural optionality, meaning they can grow into adjacencies very easily, and that's just what Tencent did,' Wangenstein said. 'It went from being one of the tiniest companies in China to being one of the largest companies in the world.'

Tencent was part of the strategy when Wangenstein first brought the fund to MayTech. With Yin's expertise, more healthcare companies have since been added, including Intuitive Surgical, which has managed to stay ahead of the curve when many high-growth areas were becoming saturated. 'The company found a way to expand to more areas, including general surgeries,' Yin said. 'It expanded not only in the US but all over the world.'

ONE THAT COULD HAVE BEEN BETTER:

Lending Club was a good idea in theory, Wangenstein said, as the fintech company was initially innovative in bringing together buyers and sellers in one online marketplace to facilitate borrowing at a lower rate. But once news emerged that the firm had been plagued with management questions, MayTech got out. 'It had compliance issues,' said Yin, adding that the governance theme is very important to MayTech.

While Theranos never went public, it initially seemed to be at the forefront of healthcare innovation, right in MayTech's niche. Yin said the team looked at it and knew something was wrong. 'When you look for innovation, there are winners, losers, pretenders and the real innovators,' she said. 'Theranos was clearly a pretender.' ■

SPECIALTY

GROWTH

STRATEGY

MAYTECH GLOBAL GROWTH

FOUNDED

2017

AUM

\$207m

EMPLOYEES

5

PORTFOLIO MANAGERS

2



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