
THE BUFFETTS OF INDIA AND WHY TECH IS CLOSER TO THE END THAN THE BEGINNING

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05/15/2018

We had a special Wharton reunion edition of “Behind the Markets” last week, touching on three different Wharton grads’ experiences. The first half of the show focused on managing money in India, while during the second half, a guest discussed his deep focus on technology companies, given his expertise in running long/short hedge fund strategies.

The team from Malabar Investments—Sumeet Nagar and Akshay Mansukhani—have been described by Wes Gray, CEO of Alpha Architect, as “the Warren Buffett of India.” This team has been investing over the last decade, during which time the Malabar strategies have tripled in value generally when the market was flat in U.S. dollar terms. Key discussion points:

- The inefficiencies and lack of general market coverage in the Indian mid- and small-cap space and how the Malabar team is investing for the long-term growth of Indian consumers
- How the top 10 names in the Malabar investment portfolio have generated over 30% weighted average annual earnings growth over the last five years
- Illustrating their thinking, the Malabar team profiled why air travel is taking off with less than 10% of the population having taken a flight and why a luggage brand is one of the best ways to reflect this consumer growth theme
- Nagar talked about the entrepreneurial bug and how, for the opportunity to start a company, entrepreneurs are often giving up salaries that could earn them 10 times as much but that they should follow their passions and look past that short-term sacrifice. “Just do it,” is his advice for those with deep passion.

Christopher Swann, founder of Cygnus Capital Real Estate Advisors, started his career at McKinsey before starting his own software companies. He also worked for a technology hedge fund before getting to Steven Cohen’s hedge fund, SAC Capital. We discussed:

- Why Swann thinks we are closer to the end than the beginning for the market’s focus on the tech sector
- How Swann applies a quantitative model to find situations that are many [standard deviations](#) from the norm before they dig into fundamental analysis
- Why Swann believes the tech sector is a great place to look for [shorts](#)
- A “euphoria” reset model and how to look for opportunities when high-multiple companies start to turn around—featuring some interesting quantitative stats in terms of stocks that could make great short candidates

It was an interesting conversation, and I encourage you to listen to the full podcast [here](#).

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

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Standard deviation: measure of how widely an investment or investment strategy's returns move relative to its average returns for an observed period. A higher value implies more "risk", in that there is more of a chance the actual return observed is farther away from the average return.

Short (or Short Position): The sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value, the opposite of Long (or Long Position).