

Maycrest Capital Inc.

Best Boutique Asset Management Firm - Florida

Maycrest Capital Inc. is a research and asset management firm registered with the Florida Office of Financial Regulation. We caught up with its founder and CEO Richard Davis to find out more how it came to be a winner in this year's prestigious Alternative Investment Awards.

Founded in 2002, Maycrest Capital is a boutique asset management firm dedicated to generating superior risk-adjusted returns. The firm's focus is implementing its long-bias equity strategy, the Maycrest Balanced Fund Strategy.

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"Our investment strategy is designed to deliver what many investors are looking for: a strategy that captures the returns of the stock market but avoids the major drawdowns that typically come with recessions" says Davis.

"History has shown that over the past century the U.S. stock market has greatly outperformed other asset classes, including bonds, gold, and real estate. The difference in the return between different asset classes is quite stunning, especially in real terms, that is, after considering inflation. But the stock market is subject to sharp corrections that rattle investors' nerves. In the last recession, the U.S. equity market declined by more than 50%. Retirees in particular have the problem that a stock market buy-and-hold strategy may not work well for them, because they don't have the time to wait for the stock market to recover after a severe bear market, like the bear market ten years ago."

The Maycrest Balanced Fund Strategy tackles the exact problem of major drawdowns. It captures the returns of the U.S. stock market and remains invested in equities over most of the business

cycle. In economic downturns, when the risk of a bear market is high, the exposure to equities is reduced to limit drawdowns that are often experienced in such periods. Through the implementation of inverse exchange traded funds, the strategy can generate positive returns in a bear market. Over a business cycle, the strategy is designed to achieve returns in excess of a buy-and-hold strategy by limiting drawdowns typically experienced in recessionary periods. Davis considers discipline and patience to be the keys to the firm's successful strategy implementation.

The BearCasting Model, the firm's proprietary software, underpins the firm's investment decisions. *"The BearCasting Model is a collection of algorithms. It incorporates macroeconomic, technical and sentiment indicators" explains Davis. "We have implemented our model since January 1, 2007 and have had great success. We have exceeded the returns of our benchmark, the S&P 500 Total Return Index, by 271 basis points annually over more than twelve years, with approximately half of the drawdown."*

CEO Richard Davis has extensive experience in designing and developing financial software and trading the markets at large European banks, as well as for Maycrest Capital. After having spent more than 10 years developing financial software for use in financial institutions, Richard Davis founded Maycrest Capital with the goal of designing and implementing a rules-based, quantitative stock market strategy that would deliver attractive risk-adjusted returns.

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"We share the basic signal of our BearCasting Model — green, amber, red — on the firm's website, so industry peers and investors can follow what we are doing, with a short time lag." The firm's website also offers a resource center featuring blog posts and insights related to macroeconomic indicators.

Maycrest Capital has made its strategy available to investors in 2018, after having implemented it with shareholder funds for a period of ten years. The firm's strategy is currently available to investors through separately managed accounts on the Interactive Brokers platform. Looking to the future, Maycrest Capital will continue with its approach to investing — firmly focused on the long run. As a niche firm, Maycrest Capital is looking to partner with platform providers and registered investment advisors that are seeking an alternative equity investment strategy with a proven and compelling track record.

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The firm may only conduct business in states where it is properly registered to do so. There is no guarantee that the firm's strategy will perform as designed or that the strategy will be profitable. Investors should expect unprofitable periods. Past performance is not indicative of future performance.