

MARKET CALLS

Tsai Capital Likes Mead Johnson on China Growth



Tsai Capital Corporation, a New York-based investment management firm, bought shares in Mead Johnson Nutrition Co. last month as it sees the company

benefiting from China's growing middle class, according to chief investment officer **Christopher Tsai**.

Tsai Capital Corporation, in its long-short equity product, bought Mead Johnson shares days before China abolished the one-child policy

on Oct. 29, Tsai said in a telephone interview from New York.

Mead Johnson makes up 2.7 percent of the fund's portfolio, and the fund will add more if the stock price drops, he said.

Mead Johnson, founded in 1905, already has a large presence in developed markets and is rapidly expanding across Asia, Tsai said. "This is a company with a very strong presence in China," he said. "But we don't invest in just China. We like having diversification. And they're also in Thailand, Malaysia, Indonesia, Vietnam, and are developing a nice presence in India."

The company's shares are down 16 percent this year.

Tsai Capital also sold out of Yum! Brands Inc. after the parent company of KFC, Taco Bell and Pizza Hut announced on Oct. 20 it was spinning off its Chinese division. The fund had 4.3 percent of its fund in Yum! Brands, Tsai said.

"It certainly unlocks value in the short term," Tsai said. "But it's not clear if you look further out. The Chinese division is a nice jewel and is a quite valuable piece of the pie. We preferred the whole thing together."

— Suzy Waite

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