

The Best Managers You Never Heard Of

Good things in small packages

by John Keefe

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“I wanted to control the investment process, and develop clients whose horizons matched mine,” reports Manny Weintraub, explaining why he left Neuberger Berman for a firm of his own. “We don’t move in lock-step with the market, so a good customer for us is someone who wants an alternative to the S&P 500, and looks beyond the monthly results.

“We buy stocks that have gone down significantly in price, and have a high pretax return on assets, and where the fundamental business is not an issue,” he explains. “We bought AIG because [its] problem was an accounting issue—which is serious—but it wasn’t an issue that would hurt the business. The capital is still OK, and it is still double-A rated.” Weintraub runs two portfolios benchmarked to the S&P 500, one with 15 positions, and another with 25. His universe includes US stocks with market capitalization greater than \$1 billion, comprising about 1,500 names. Assets under management were \$94 million in early July.

“Our investment time frame is three years,” Weintraub adds. “I make the investment. Just prior to [the end of the first] year I look to see whether it has worked. If it has, that’s great. We’ll sell it after a year. If not, then we sell it before the end of the year and capture a short-term loss. There’s no point in falling in love with a problem stock and holding on to it too long, because it won’t love you back.”

Since his results don’t track the stock market all that closely, Weintraub sees his strategy as a sort of alternative asset, and prices his services accordingly. Integre charges investors a 1% management fee, plus 20% of profits over the return of the

S&P 500. After those fees, his returns beat the S&P 500 by 627 basis points annually for three years, and 880 basis points over five years, both as of March 2005. Weintraub opened the firm in January 2004, so those measures include the most recent fifteen months at Integre, and the remainder at Neuberger Berman.

Weintraub calls his investment style a value approach to growth. He might call it a “busted growth stock” portfolio: “We take advantage of growth investors’ tendencies to focus on one number, and to be too emotional,” he explains, “but we’re on the other side of the emotional reaction, so to us it’s not personal.” As Weintraub puts it, “The fear and greed never change—and that’s beautiful.”



Manny Weintraub