

How a new Denver investment firm gained \$1B in assets under management in 18 months



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When NZS Capital is building out its portfolio, the firm's leaders are thinking about the multiverse.

The Denver-based boutique investment company — which already has \$1 billion in assets under management — was born in 2020 from a team that worked together at Janus Henderson.

NZS Capital uses a set of guidelines for the types of companies they're investing in. One of those guidelines is to construct a portfolio with a mix of companies that are resilient and have optionality. In other words:

“We think about the multiverse, these [resilient] companies are going to win in nine out of 10 copies in the multiverse. They're just very adaptable. Texas Instruments is selling chips in nine out of 10 copies of the multiverse,” said Brinton Johns, one of the co-founders of NZS Capital.



Brinton Johns is co-founder of NZS Capital.

Those companies are less risky, but they're also going to have solid — but probably not gangbuster — returns. Companies with optionality, meanwhile, might only be successful in three out of 10 copies of the multiverse. But when they're successful, they can be very successful with bigger returns.

Johns will be the first to say that this line of thinking is geeky. But it's the type of thorough consideration that he and his partner Brad Slingerlend built NZS Capital around. For almost 20 years, the two worked together at Janus Henderson in Denver. From 2011 to 2018, they

led the Janus Henderson Global Technology and Innovation strategies.

While there, they were inspired by a book and adopted a new philosophy to investing. Their non-zero-sum investing strategy essentially says that the secret to successful investing is to create more value than you take. The firm has taken ESG investing — investing focused on environmental, social and governance issues — and deeply woven it into its structure.

Part of the philosophy means looking at companies with a fine-tooth comb. Just because a company

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makes an environmentally friendly product, for example, doesn't mean it makes the cut to be invested in if it doesn't also have a diverse workforce or equitable treatment of employees.

Eventually, Johns and Slingerlend took that philosophy to their own firm — NZS Capital, named after the non-zero-sum strategy. The company works to create win-win situations for investors, customers, employees, society and the global environment.

Beginning operations in January 2020, the company wasn't focused on one vertical or industry. Another former Janus Henderson colleague, Adam Schor, was brought on as company president. Two more former colleagues — Jon Bathgate and Joe Furmanski — joined as investors and Jim Goff, also of Janus Henderson, was appointed as a senior advisor. Jupiter Asset Management is a minority owner of NZS Capital and is its global distribution partner.

NZS Capital's multiple structures and parameters for investing are



Adam Schor is president of NZS Capital.

paying off. Already, the Denver firm has more than \$1 billion in assets under management in just 18 months of operations.

Johns cited amazing investors and luck as to why the company has done so well so quickly. But Schor added that there's another piece to it.

"The market is moving to where we are in the sense that ESG has become a focus, but it has led a lot of people to just bolt on ESG in a very cynical way," Schor said. "To have ESG woven through your whole process is the right way to do it and what people want to see."

Unlike other investment firms, Schor said NZS Capital does not try to predict the future. Instead, he said NZS invests by working to understand all of the possible outcomes.

"How many of those are on my side? The resilient names have a lot of outcomes on my side. The optional names have fewer outcomes on my side, but those outcomes are really good. Underlying all of this is that we're not going to make predictions, we're just going to understand that the world has this randomness we have to participate in and be prepared for," Schor said.

In that spirit, Schor and Johns said they have no predictions for what comes next for NZS Capital.

"I hope they we're all doing something we really love, and that's investing. I hope we're doing it together with people that would really make us better at the craft," Johns said. "And I hope we're doing it for clients that really understand us, that we can really make a difference in their portfolio."