

## Growth Is Life

From a growth investor's perspective, spending almost two weeks traveling throughout India, from Delhi to Bangalore and back up to Mumbai, was truly nirvana. If I were to sum up the experience in one, succinct phrase, I am reminded of a plaque in the lobby of the headquarters building of Reliance Industries, Ltd., a very large global integrated energy company and one of the largest companies in India. Underneath Reliance's corporate logo, it simply said "Growth is Life."

And so it goes in India: growth is everywhere, and almost by definition, virtually all companies can be characterized as growth stocks. I was joined by two of my colleagues - Paul Chew, Head of Investment Strategies and Maneesh Bajaj, a senior equity analyst who covers the technology sector. We met with a wide range of companies, from the global Indian outsourcing companies with which we are well familiar, to companies that are much less well known and more domestically focused in such diverse sectors as watch making and constructing and managing coal-fired power plants. We traversed sectors from a consumer staples company considered the "Wal-Mart of India" to meetings with the established and well-financed Indian private equity community.

All these meetings had a not too subtle subtext: *relatively high economic growth combined with a population of approximately 1.2 billion means that even small per capita changes in government focus or consumer spending can create massive business opportunities.* While there are certainly challenges in India (poverty, entrenched government bureaucracy, sub-standard infrastructure), the upside potential seems to more than compensate investors for the downside risk.

From a U.S.-based stock picker's perspective, however, India is "just" another market that U.S. companies will either shun or try to capitalize on, in an effort to grow. In this connection, it's interesting to note that roughly 45% of our large-cap growth portfolio's revenues is generated outside of American markets. Given India's relative size and growth potential, we are pleased (but not surprised) to note that the vast majority of companies in our portfolio have been creating strategies and infrastructure, and nurturing business relationships in India for many years and long before we boarded an airplane to Delhi.

In the uncertain environment that lies ahead, we are less concerned about the exact course of any economy -- American, Indian or other for that matter. As investors, we are constantly looking for companies with sound, sustainable business models that can support high absolute growth rates. We believe that earnings drive stock prices. Whether those earnings come from America, India or any other emerging market means very little. In the end, it's the company, not the country that will reward our shareholders over time.

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