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Ask the PORTFOLIO MANAGER

How important is market cap in your security selection?

Transcript of a video recorded on May 17, 2018.

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Market cap has not been a significant factor in our security selection. And, in fact, given our investment process uses a very wide universe of over 8,000 securities, foreign securities, where we have evaluation models and quantitative screens set up on, we're invested in a very wide opportunity set of market caps all the way from the small and mid-cap opportunities up to the mega caps.

This is very different than the benchmark, which is oftentimes dominated by very large weightings and some of the large and mega cap opportunities. Over time, as we're invested in growth companies that are disrupting and benefiting from secular tailwinds, we find that some of these small and mid-cap opportunities are really where the disruption's happening. Those are the innovators, those are the companies that are growing and utilizing this wider opportunity set that has oftentimes allowed us to be invested in these companies early on before they even got included in benchmarks.

So, when we think about investing, we think about security selection, market cap is really not a significant factor in that decision. The decision is really about the fundamentals of the businesses we're investing in, the secular tailwinds in the industries that we're investing in, and that future growth, that future opportunity that these companies are going to grow into and getting those positions into our portfolio.

WATCH VIDEO

Ask the PORTFOLIO MANAGER

Video recorded 5/17/18.

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Foreign Securities Risk: Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in U.S. markets.

Emerging Markets Risk: Emerging market countries may have relatively unstable governments and economies based on only a few industries, which may cause greater instability. The value of emerging market securities will likely be particularly sensitive to changes in the economies of such countries. These countries are also more likely to experience higher levels of inflation, deflation or currency devaluations, which could hurt their economies and securities markets.

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