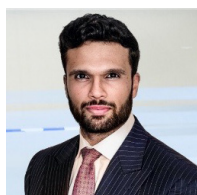


# Seven Questions for Kumar Pandit



## Kumar Pandit, CFA

Kumar is a Portfolio Manager and Analyst on Polen Capital's Emerging Markets Growth Team. Prior to joining Polen Capital in 2024, Kumar was Portfolio Manager and Head of Research at Somerset Capital. Kumar received a B.Sc. in Computer Science and Business Studies from Kingston University and is a CFA® charterholder.

### 1. Why did you decide to enter the business of investment management?

From a young age, I was immersed in conversations about companies and investing, thanks to my grandfathers and parents. Their discussions sparked my curiosity, laying the foundation for my passion for investment management.

### 2. How has your background or personal journey influenced your investment philosophy, particularly when it comes to emerging markets?

Born in England to parents of Indian and Kenyan nationalities, I was immersed in different customs and languages from an early age. Family holidays were spent in India and Africa, and this exposure to culture fueled my curiosity about emerging markets.

My investment philosophy was originally shaped by my paternal grandfather, who had built a successful financial business in Nairobi, Kenya. His key lesson—the value of investing in high-quality

assets for the long term—has remained a guiding principle for me and is especially relevant to the world of emerging markets.

### 3. What are some common misconceptions about emerging markets that you encounter, and how would you address them?

A common misconception is that emerging markets lack high-quality growth companies. In fact, these markets are home to global innovation leaders shaping global consumption and technology trends with billions relying on their products and services. For example, while Nvidia often dominates the generative AI headlines, companies such as TSMC (Taiwan) and SK Hynix (South Korea), provide the essential GPUs, memory, and servers powering the AI revolution. In China, DeepSeek's generative AI software now boasts 97 million monthly active users.<sup>1</sup> In the auto industry, BYD is the fastest-selling EV company and is renowned for its battery technology. In e-commerce, PDD Holdings' Temu and Mercado Libre (Brazil) continue to gain substantial market share. Before ChatGPT captured global attention, TikTok was the fastest app to reach 100 million users.<sup>2</sup> Emerging markets are not just following trends; they are defining them.<sup>3</sup>

Another misconception is that emerging market countries are politically and economically unstable. While they are not homogenous, key markets are increasingly governed by pro-investment administrations. India, Vietnam, Saudi Arabia, UAE, and even Argentina are facilitating economic growth through investment-led policies. Moreover, many emerging markets are more fiscally robust, both historically and compared to some developed economies. Having avoided aggressive post-COVID

1 Source: Backlinko, DeepSeek AI Usage Stats for 2025, May 2025

2 Source: Visual Capitalist, How Long it Took for Popular Apps to Reach 100 Million Users, July 2023

3 As of March 31, 2025, TSMC, PDD, and Mercado Libre are holdings in Polen's Emerging Markets Growth strategy. As of the same date, PDD and Mercado Libre are also holdings in Polen's Emerging Markets ex China Growth strategy, TSMC and BYD are holdings in Polen's Greater China Growth strategy, and BYD is a holding in Polen's China Growth strategy.

stimulus, they have kept inflation largely in check, allowing for accommodative monetary policies that benefit both corporates and consumers.

#### **4. Can you share an example of an opportunity within emerging markets that excites you right now, and why?**

In my view, India offers some of the most compelling opportunities in emerging markets, despite persistent concerns over excessive valuations. This perception has led many investors to overlook recent corrections—valuations have eased over the past six months, yet skepticism remains.

The country's long-term growth runway is immense. For perspective, if China's economy stopped growing today, India would need to sustain 10% annual GDP growth for 15 years to catch up. Meanwhile, Indian companies are becoming more sophisticated, driving greater demand for their goods and services.

India also holds a strategic geopolitical position, balancing relationships with both the West and key regional partners. As global supply chains evolve, India is increasingly seen as a preferred alternative, positioning itself as a vital player in future economic expansion.

#### **5. What specific qualities do you seek for the companies in your portfolio?**

Given our long-term investment horizon, we seek out companies that can act as compounding machines, capable of sustained growth. Typically, these businesses are:

- Leaders in structurally growing industries
- Generating consistently high returns on invested capital, well above the cost of capital, and
- Producing robust cash flows, allowing them to fund growth independently without relying on external capital.

We expect these companies to build durable and expanding competitive moats, securing their leadership and enabling them to compound earnings over extended periods.

#### **6. Many investors are concerned about risks—such as currency fluctuations, political instability, and regulatory changes—in emerging markets. How do you assess and manage these risks within your portfolio?**

We manage these risks at both the company and portfolio level. During research, we assess industry regulations and the company's position within that framework, alongside currency exposure—whether affecting sales or inputs.

While we are not political consultants, we avoid markets with instability unless clear signs of positive change emerge. Turkey, for instance, has some excellent companies, but we maintain zero exposure due to the impact of policy decisions on businesses.

#### **7. Outside of the office, what activities, books, or experiences have shaped your thinking about global investing or helped you build resilience as an investor?**

I began martial arts as a child, and over time, I've found striking similarities between training and investing. Discipline is key—whether in mastering techniques or sticking to an investment strategy, both demand avoiding shortcuts and learning from mistakes. Also, patience, temperament, and long-term focus are equally vital for success in both fields.

Books and podcasts have been instrumental in shaping my views on global investing. These days, I find more value in studying how entrepreneurs build successful businesses rather than focusing solely on investing legends. Their lessons often translate directly into the businesses we invest in.

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