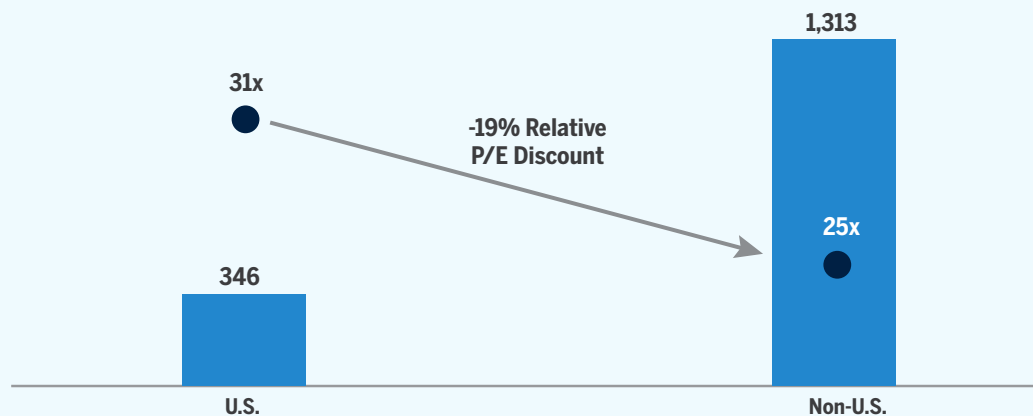


Wide World of Growth

Investors around the world typically display some amount of [home country bias](#), where they invest disproportionately in the country in which they live. This problem may be particularly acute for U.S. investors who could assume that opportunities for growth equities outside of the country are limited. Is there a wide world of growth beyond U.S. borders?

Number of High Growth Companies and Relative Valuations

- Number of High Growth Companies
- Median Price-to-Earnings (P/E)



Source: FactSet. High growth companies are defined as those with a two-year consensus compound annual sales growth rate exceeding 15% and market value of more than \$1 billion. U.S. companies are traded on U.S. exchanges while non-U.S. companies are traded outside the U.S. Data as of December 31, 2024.

- The U.S. has been the epicenter of corporate growth and innovation for decades, making significant contributions to the personal computer, internet, smartphone, and potentially leading the world in artificial intelligence (AI) given its momentum in hardware and software development. Over the past 20 years, S&P 500 EPS has grown over 200%, more than double that of the MSCI All Country World ex-US Index as of December 2024. However, this does not mean that all great growth companies are based in the U.S. We believe there are a plethora of fast-growing international companies that many U.S. investors may be overlooking.
- As the chart above shows, there are nearly four times as many high-growth companies—defined as those with a two-year consensus sales growth exceeding 15% annually—trading outside the U.S. as there are within. As one might expect, non-US high-growth companies are predominantly found in the technology and healthcare sectors; however, there is also a meaningful representation in the industrials and materials sectors. While we continue to see potentially compelling opportunities within the U.S., valuations for non-U.S. high-growth stocks appear attractive, with a median price-to-earnings ratio 19% lower than U.S. high-growth companies.
- Given these findings and our research indicating that many high-quality growth companies trade beyond our borders, we believe investors may want to examine their allocations and consider searching for high-growth potential outside of the U.S.

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Price-to-earnings is the ratio for valuing a company that measures its current share price relative to its earnings per share.

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