

Building Conviction in a World of Shifting Narratives



Global markets present a landscape of opportunity for equity investors despite macroeconomic headwinds. In this piece, we asked Chandan Khanna, a portfolio manager on William Blair's Global Leaders and International Leaders strategies, to explain how he seeks to take advantage of such opportunities. In a multifaceted discussion, Chandan delves into his philosophy and process, discusses where he sees opportunities, and explains what drew him to William Blair.

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Portfolio Manager
Chandan Khanna

Building Conviction

How would you describe your investment philosophy?

Chandan: Very simply, it's a blend of quality and growth. Both need to be present. Growth on its own isn't enough, because that's where you can run into real downside risk. And quality without growth can lead you to overpay for stability that isn't actually compounding. So the philosophy is really about finding that balance—businesses that have the quality characteristics you want and the growth to justify the valuation. Focusing on quality allows you to be extremely patient, and that patience is central to how I invest.

What was its genesis?

Chandan: It really took shape in my first role managing client assets during my time at Capital Group, where there were around 200 investors. I had a front-row seat to a wide range of styles—value, growth, hypergrowth, pure quality. What eventually sank in is that there's no single right or wrong way to invest. What matters is that your philosophy aligns with your temperament. If it doesn't, you tend to react at the wrong times. Investing is often driven by emotion, and many people become emotive when they should be steady. So I shaped a philosophy that fits my own temperament rather than trying to replicate someone else's approach.

You've said you have a *no* and *know* philosophy. What does that mean?

Chandan: My *no* and *know* philosophy is simple. *No* means declining a lot of things. Then, because you say *no* to so many things, what you do own, you can *know* very well. I manage fairly concentrated portfolios, which gives me the ability to go deeper on the positions I hold. I believe that if you want to compound returns at an attractive rate, you have to concentrate. And if you concentrate, you need conviction.

What is your investment approach?

Chandan: At its core, equity is a unique asset class. The downside is limited to your invested capital, but the upside is theoretically unlimited. To capture that asymmetry, many investors focus so much on avoiding mistakes that

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they miss the big winners. But over time, the big winners can drive long-term returns as that growth offsets the inevitable losses elsewhere in your portfolio.

Our focus is on identifying those outsized winners, while we believe the quality discipline helps us avoid permanent capital impairment. To do that, I've historically leveraged a “5/10/15” approach, which means I look for companies that have the potential to deliver 5% organic sales growth, 10% earnings per share (EPS) growth and net margin, and 15% return on equity (ROE), margin of safety, and earnings before interest and taxes (EBIT) margin. It's a way for me to put guardrails around words such as quality and growth, which can mean different things to different people. It provides that by capturing the specific attributes I look for in every investment—a blend of growth characteristics, quality characteristics, and valuation discipline.

There's a strong level of overlap between my “5/10/15” approach and William Blair's existing Leaders' framework, which reinforces why joining William Blair was such a natural fit for me.

Did any great investors influence you?

Chandan: Early on—before I was investing professionally but while I was investing personally—I read a great deal about Peter Lynch. I was lucky enough to meet him during a Fidelity interview when I was still in business school. He was no longer managing money day to day, but he was still involved with the investment committee, and his thinking definitely left an impression on me.

That said, at my prior firm I had a ringside seat to a number of exceptional investors, some with track records that rivaled or even exceeded his. So the influence wasn't just one person. It was a process of observing what worked

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for different investors, then refining and distilling which aspects of their success best resonated with me.

Ultimately, you can't simply copy someone else. If the philosophy doesn't fit your temperament, it breaks down at the wrong moments. The key is aligning your temperament with your investment philosophy and building from there.

Along those lines, did any investing books really influence you?

Chandan: In addition to most of Peter Lynch's books, there's another piece that stuck with me—not a full book, but an essay often referred to as “Coffee Can Portfolio,” written by Bob Kirby, a former Capital Group portfolio manager. The central idea is that you can make more money being passively active than actively passive. He wrote that in the early 1980s, well before passive investing became dominant, but the point still holds: let your winners run and compound rather than constantly trading around them.

Tell me an investment story that has stayed with you over the years.

Chandan: I had a real baptism by fire. I joined Capital Group in April 2008. I remember that first week of September, I had just started running my portfolio. Then, within my first month, Lehman Brothers happened and the global financial crisis (GFC) decimated my portfolio. I was fortunate to be at a firm where we were encouraged to take risk at the right time, and I was able to add to positions I already owned, and held them through the downturn and saw the positive impacts as things bounced back.

Meet Chandan Khanna



Before joining William Blair in 2025, Chandan was a senior partner and global equity strategy portfolio manager at Eighteen48 Partners, a boutique investment firm based in London. Before that, Chandan worked on the buy side at Capital Group. He has also held roles at Morgan Stanley and KPMG. Chandan is a chartered accountant. He received a B.Com from the University of Mumbai and an M.B.A. from INSEAD.

What did you want to be when you were growing up?

I always wanted to either play for the Indian cricket team or become a chartered accountant. My father was a chartered accountant and also played cricket, so those were the two paths I saw growing up. I did become a chartered accountant—which has about a 1% success rate—but cricket in India is closer to 0.001%.

How did you get into finance?

I bought my first stock when I was 18 while I was studying to be an accountant. I had just received my first stipend and invested about \$500 in an Indian company. This was in 1998, just before the dot-com boom, and the stock went up about 10x over the next couple of years. I told my dad I wasn't going to sell; I was reading Warren Buffett and thinking I'd hold it forever and pass it on to my children. Then 2000 happened. The stock fell from about 10x to roughly 6x, a 40% to 50% drawdown from the peak. That shook me, and I sold. Six times my money felt good enough, and the idea of holding forever suddenly seemed less realistic.

That experience hooked me. Turning a month's stipend into something meaningfully larger made me realize the asymmetry in equities—the upside can be significant. In hindsight, if that first investment had gone the other way, I might have felt differently. But because it worked, I became fascinated by markets and saw investing as a worthwhile pursuit, and that ultimately led me into this career.

What did that teach you?

That nothing is permanent. You have to keep educating yourself on the company and stay informed. In truth, there was a lot of luck involved—I didn't fully know what I was doing at the time—but it got me hooked and convinced me this was what I wanted to pursue.

What did that teach you?

Chandan: That volatility is the price you pay for performance. Very few people in this business—clients included—can truly stomach volatility. But as investor Shelby Davis said, “You make most of your money in a bear market, you just don’t realize it at the time. If you can stomach volatility, that creates an arbitrage, especially in a market like today that’s dominated by passive investing. Passive, by definition, is momentum-driven, which means it sells during periods of panic. As active managers, that’s something we can take advantage of.”

Any other investment lessons?

Chandan: The other lesson that’s stayed with me comes from a study we did at Capital: water your flowers and cut your weeds. You only get a few investment ideas truly right over a lifetime—and you only need a few. When you find them, you have to be willing to stay with them. Those are the two that have really stuck with me.

Can you elaborate on the characteristics of stocks you like to invest in?

Chandan: I tend to look for companies where I see a lot of upside optionality—strong right-tail potential—while trying to minimize left-tail risk. In other words, businesses that can scale over time in ways that may not be fully

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appreciated today. To be an anchor investor, you have to be an optimist and be willing to underwrite a future that’s inherently uncertain, often seeing possibilities the market doesn’t yet recognize.

You rarely have every answer upfront, but you can identify where meaningful option value exists and where it doesn’t. I’m drawn to companies that I believe have that embedded optionality—where the upside can compound in ways that outweigh the downside if you’re patient and disciplined.

How are you thinking about growth today?

Chandan: Growth shifts over time. Identifying that shift and where it is moving to is part of the job—and part of the skill. Early in my career managing capital, consumer staples used to be a key area of global growth. I owned a high level of consumer staples up through 2015 and 2016, when those stocks became very expensive relative to their growth. Around 2012 and 2013, growth increasingly converged in technology, and we were early to move our portfolio



Building Conviction (continued)

allocation there. Within technology, starting around 2018, growth leadership moved in fits and starts—from software to semiconductors. Today, the divergence between semis and software, even within tech, is as wide as it has ever been. In 2022, in regard to a graphics processing unit semiconductor position, I was asked, “Why do you own that? It’s not a quality growth business.” Today, the question is almost the opposite: “Why don’t you own more Nvidia?”

What do you see as the most exciting opportunities over the next several years, either from a country, sector, or theme perspective?

Chandan: A growing growth theme is the personalization of everything—medicine, content, education, and beyond. As the cost of tailoring products and services to the individual continues to fall, the opportunity set expands.

In healthcare especially, we’re moving toward more personalized approaches to treatment and prevention. People respond differently to the same inputs, and advances in data, diagnostics, and technology should allow for much more targeted care.

That has meaningful implications for both outcomes and economics. Over time, the cost and time required to develop and deliver new therapies should come down, which is positive for society and creates a wide range of investment opportunities. More broadly, as personalization becomes more scalable across industries, it opens the door for companies with strong optionality and right-tail potential.

Are there any areas you tend to avoid?

Chandan: In general, I’m less drawn to industries where the economics can change with the stroke of a pen; where regulation or a single external decision can materially alter outcomes. I also tend to avoid areas where one input largely determines the output.

How do U.S. and other developed market policies affect non-U.S. equities?

Chandan: Policy decisions in the United States and other developed markets clearly affect non-U.S. equities, but the key point is that today’s environment isn’t necessarily a permanent one. Five years ago, few people would have anticipated the degree of tariffs or policy shifts we’ve seen more recently, and there will be developments over the next five years that are just as hard to predict now. So it’s unlikely to be a smooth or linear path.

We are seeing some degree of decoupling driven by policy choices, particularly in trade and technology. That can create friction and volatility for non-U.S. markets. But policy direction can shift with administrations, and over the long term the global economy remains deeply interconnected. Even in areas such as artificial intelligence—where there’s clear competition—eventual monetization and scaling tend to require global linkages.

So policy moves in developed markets can shape the operating environment and create periods of disruption, but they don’t fully sever the ties between markets. Over time, that underlying interconnectedness continues to matter for non-U.S. equities.

How do you tend to act when a stock is up or down meaningfully in a volatile period?

Chandan: In volatile periods, I try to deconstruct what the market is saying versus what’s actually happening. A lot of the time the move is driven by the narrative—the price or P part of the P/E multiple—rather than by fundamentals, the E, or earnings. With good, high-quality companies, earnings don’t usually change that quickly. They may miss a quarter, but they’re often still compounding at attractive rates. What shifts faster is sentiment and the market’s view of the long-term story.

We’ve seen that repeatedly. In 2022–2023, Meta was viewed as a legacy media business—almost a “Yahoo 2.0” narrative—and then it became an AI leader. Alphabet was seen as an AI laggard not long ago and then quickly re-rated. The market’s perception can change much faster than underlying fundamentals.

In those moments, the key is separating narrative from reality. Sometimes that leads you to act, but often the right response is to do nothing: to hold your position if the core investment thesis and fundamentals remain intact.

I'm sure there are periods where trends are working against your investment disciplines. How do you keep your discipline among the team?

Chandan: When that happens, it always comes back to no and know—and sticking to the process. A good example is 2022. My portfolio had its worst year of relative performance, but we didn't sell any positions we held, and added one stock though the drawdown. The portfolio fully recovered the drawdown in 2023 and outperformed meaningfully in 2024. We said no to changing the portfolio; we knew our stocks, we held through the volatility, and we came out the other side in good shape. So it really comes back to discipline: stick to the process, and live by no and know. That discipline is ultimately a test of patience: as Warren Buffett said, “The stock market is a device to transfer money from the impatient to the patient.”

How does valuation play a role in portfolio construction?

Chandan: Valuation is very central to the “5/10/15” framework. We look for roughly a 15% margin of safety to intrinsic value when we invest. That said, it's the last thing we assess. The starting point is always the business model—whether it's a company we want to own. Then we do the work on the financial model and valuation. To determine if now is the time to buy that attractive business. There are plenty of businesses we admire but won't own because the valuation isn't right. In those cases, we're willing to be patient, sometimes for years, and wait for the market to offer an opportunity. When it does, we look to move.

In other words, valuation is central to buy and sell decisions, but it isn't central to determining whether a company is worth owning over the long term.

What are some key lessons you've learned over your career?

Chandan: One of the biggest lessons has been the importance of management. In many international



Building Conviction (continued)

markets, management quality often matters more than the macro backdrop. As you move further down the market-cap spectrum or into higher-risk geographies, the difference between significant value creation and a poor outcome is frequently management teams' ability to execute. Their capacity to navigate geopolitics, currency moves, and regulatory change becomes critical. Strong management teams can steer through those challenges and compound value over time, while weaker ones tend to struggle.

What drew you to William Blair?

Chandan: It really came down to the people. Most of the individuals I met were people I felt I could work well with and learn from. I've made decisions that way before — earlier in my career, I chose Capital Group over other options at the time for similar reasons. The process took longer, but the people felt like the right fit, and that mattered more.

There's also something intuitive about it. You get a sense of whether you can build strong working relationships and do good work together. William Blair feels like that kind of place—large enough to offer a meaningful platform, but still small enough that you can make a real difference.

What made William Blair a good fit for you?

Chandan: It really comes down to the three Ps: partnership, platform, and philosophy. First, the partnership culture—the people. There's a genuine alignment and long-term mindset that you feel right away. Second, it's a strong global platform that allows the investment teams to focus on what they do best with a global distribution team that can reach clients in a meaningful way. And third, the investment philosophy, which is centered on quality growth investing. I think that's more differentiated than it may sound in today's market. A lot of managers claim to do quality growth, but in a world dominated by trend-following and passive investing, being truly active and grounded in a disciplined quality growth approach stands out.

What do you add to the team?

Chandan: We all come from different backgrounds and perspectives, and I think of it as an orchestra. Each person brings a different strength, but we have to stay in sync for it to work.

My orientation is very much analyst-first. I really enjoy meeting companies, doing site visits, building models, and really getting into the details of the business. From there, the question becomes what that company could look like in four or five years—whether it can be more relevant and larger than it is today. There's a vision element to that, but it has to be grounded in the work. You need to be willing to get your hands dirty and “engineer” the path, not just imagine it.

So we complement one another as a team, but I'd say my contribution leans strongly bottom-up, with a focus on understanding businesses deeply and translating that into a forward-looking view that drives portfolio positioning.

What perspective have you brought from your prior roles?

Chandan: I've brought over some best practices around how we structure meetings. We're going deeper; we're spending more time debating investment ideas and the tension in a thesis and spending less time discussing short-term developments.

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