



For a software business he would need software engineers.

So instinctively his mind wanders to India which is known have an abundant supply of software engineers



Once he has decided that it is India which shall be the source of supply of software engineers, he then decides to contact an HR consultant in India to line up people. He then interviews the engineers one by one and makes his selections.



In this example his decision to select India as the source of software engineers represented the top-down approach while the detailed selection process involving interviews and references etc represents the "bottom-up" approach.



In the event of fund management similarly the fund manager's decision of investing in emerging markets would represent the "Top-Down" approach while the detailed selection process of companies based on size, turnover, profitability, management quality etc would represent the "Bottom-Up" approach.





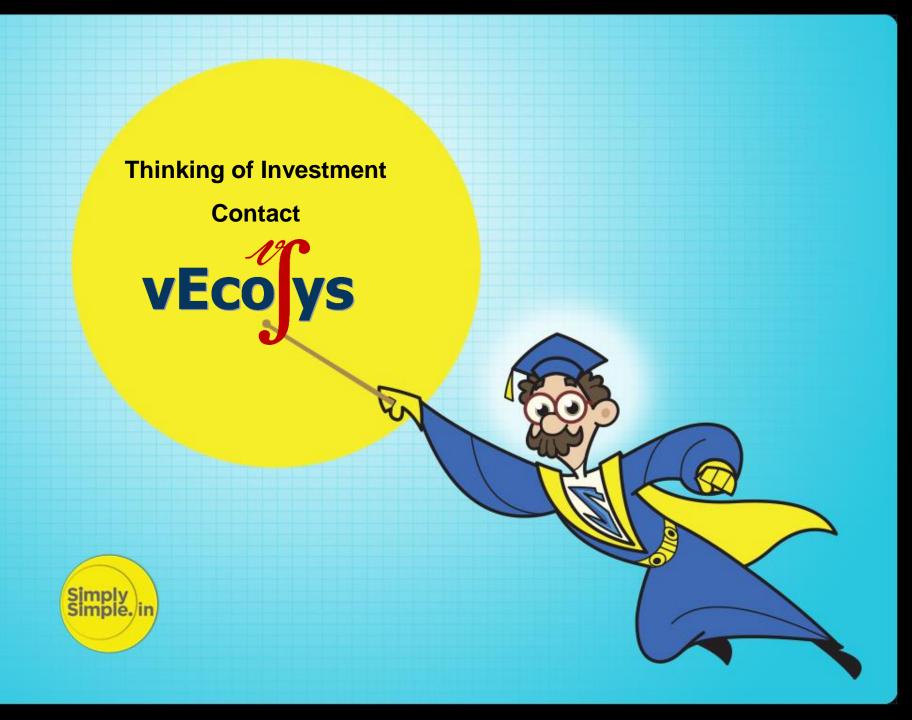


So that's "Top-Down" and "Bottom-Up" for you.

Hope you've understood the concept



Hope this lesson has succeeded in clarifying the meaning of "Top-Down" & "Bottom-Up" approach to investing.



DISCLAIMER

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