



**INVESTMENT EXTRA**  
By Anne Ashworth

**T**HE basic building block of a portfolio should be a global equity fund. You deposit a lump sum or contribute monthly and acquire your very own slice of the world's starriest companies.

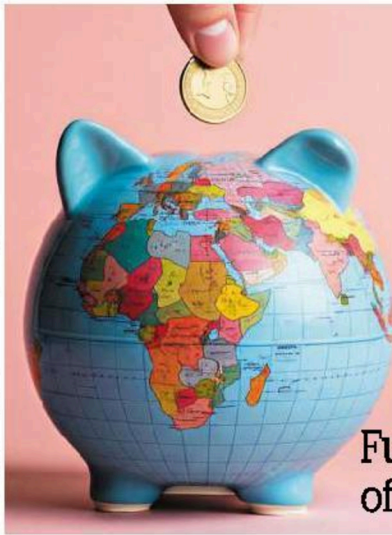
But while this should be a long-term relationship, every new year you should still question your commitment to a fund.

Does it match your goals and the degree of risk you can afford to take? Does it promise diversification, but actually offer the opposite?

In 2025, the need for this reassessment has been highlighted by the failure last year of the old favourite, £23.3bn Fundsmith, to match the performance of the Interloper, £63.8m Nutshell Growth fund. Fundsmith, managed by the veteran Terry Smith, returned 10.7pc. Nutshell achieved 23.7pc.

Lord Spencer, Nutshell Asset Management's chairman, made a £20,000 wager on such an outcome and paid his winnings to the Royal Osteoporosis Society. The Mail on Sunday's choice of charity. Since its launch in 2010, Fundsmith has produced a return of 619pc. But

its misstep in 2024 should serve as an alert even for loyal followers of this fund - and to other existing or potential investors in all global funds - that they should examine their priorities. These funds may be described as



# It's time to go global

Funds like these should be the bedrock of any portfolio. But which are the best?

	Fund size	Return over one-year
<b>BLUE WHALE</b>	£120m	26.8pc
<b>F&amp;C</b>	£5.5bn	19.6pc
<b>Fundsmith</b>	£22.5bn	10.3pc
<b>NUTSHELL</b>	£63.8bn	27.2pc

funds analyst at Interactive Investor, argues that Smith's system of choosing stocks may win support this year as investors worldwide diversify away from the Magnificent Seven. For this reason, I am staying faithful to Fundsmith, which is one of FundCalibre's elite funds in this category.

**NUTSHELL GROWTH**

TERRY Smith may like to buy and hold, but Nutshell's manager Mark Ellis prefers 'agile rebalancing' - that is, carrying out frequent trades for the maximum gain, ensuring that the fund is regularly rebalanced. At present, 60pc of the portfolio is invested in US stocks such as Meta, Microsoft, Arista Networks, a software group, and motor parts retailer AutoZone.

But Europe is represented through Novo Nordisk, the Ozempic weight-loss drug company, and Hermes International, the maker of the Kelly and Birkin bags.

Late last year, Nutshell was put on FundCalibre's list of funds that could be eligible for full 'elite' status.

The FundCalibre team considers Ellis's strategy to be 'innovative and original'.

**INDEX FUND**

THE simplest and cheapest option can be a 'passive' fund where the portfolio mimics the make-up of an index.

Interactive Investor's best buy in this category is the iShares Core World ETF (exchange traded fund) which follows the MSCI World Index.

Some of its top constituents are, unsurprisingly, those members of the Magnificent Seven, plus US banking leviant JP Morgan Chase.

**W**HETHER you select the passive or active approach, it is worthwhile checking whether your existing fund appears on Bestinvest's list of 'dog' or underachiever funds (bestinvest.co.uk). At the last count, about £26bn of savings was stashed in such funds, which mostly disappointed because they shunned the Magnificent Seven.

It would be foolish to entrust all your cash to these companies but ignoring them would also be a mistake - whatever unfolds in 2025.

global, but your money is not equally spread around the planet. UK, European and Asian companies do feature in their portfolios, but the businesses they back are largely American.

The US S&P 500 index represents about 63pc of the value of FTSE All-World Index's valuation. Moreover, the S&P 500 is itself dominated by a few massive corporations.

About 35pc of the index is made up of the all-conquering 'Magnificent Seven' of tech - Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla - whose shares soared in 2024, thanks to generative artificial intelligence (AI) excitement.

Alphabet is Google's parent company, Meta owns Facebook, Instagram and WhatsApp. Generative AI is viewed as crucial to their future expansion.

Some are anxious that a bubble could be forming in this tech sector. But elsewhere there is also a conviction that these stocks will continue to be sought after in 2025.

If you are sanguine about this level of exposure to the US, here are your global fund options. It is possible that a mix of funds could suit you. In financial relationships, variety adds spice.

**BLUE WHALE**

THIS £120m fund is a 'one-stop shop for navigating the markets', as its lead manager Stephen Yin puts it. The aim is to take advantage of 'idiosyncratic mega trends', such as the West's quest to lessen its reliance on Far East microchip manufacturers.

Yin and his team have been reducing stakes in the Magnificent Seven, arguing - controversially, some believe - that these titans may be overspending on AI.

Among the fund's other holdings are Sartorius, the German scientific equipment maker, and the payments giant Visa. This is a fund to consider if Magnificent Seven shares already figure large in your portfolio.

**F&C**

THIS £5.5bn investment trust is a route to

back the Magnificent Seven, which are its most sizeable stakes. The iPhone maker Apple, the trust's third largest holding, is now valued at around \$3.7 trillion.

Its share price increased by 31pc in 2024 to \$251. In late December, the broker Wedbush raised its target price for shares to \$350 based on the view that 'a golden era of growth is on the horizon in 2025 for Apple'.

Another top 10 holding is Eli Lilly, the pharma giant behind the Mounjaro and Zepbound obesity drugs. By the beginning of the next decade, global annual sales of these and other weight-loss drugs are forecast to reach \$150bn.

F&C is one of broker Interactive Investor's two core global fund best buys. It is also one of my global fund picks.

**FUNDSMITH**

ONE reason why Fundsmith's stellar track record took a dent in 2024 is manager Terry Smith's sceptical stance on the fortunes that could flow from generative AI.

Fundsmith holds only Meta and Microsoft. Smith has swerved away from semiconductor giant Nvidia, whose shares are up by nearly 27,000pc over the past decade.

Others may regard this as a mistake. But there is no sign that Smith (pictured) is deviating from his normal course, which is to buy 'quality' businesses of various types. Current selections include L'Oréal, the beauty conglomerate, and the hotel group Marriott.

Alex Watt,



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