My top global picks

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It's that time of year again when investors assess the performance of their past stock picks and identify new picks to acquire. For 2021 our five stock picks (and their dollar returns) were AutoZone (up 76.8%), Fiserv (down 8.8%), JD.com (down 20.3%), Pandora A/S (up 12.4%) and Norwegian Finans, which was subsequently renamed Bank Norwegian and delisted after being acquired (up 50.9%).

The average return of this portfolio in dollars was 22.2%, similar to the MSCI world index's total return of 22.4%.

Forecasting stock prices for periods as short as one year is, admittedly, a mug's game. We like the following global stock picks for the long term:

Adevinta

This company, which is listed in Oslo, became the largest online classifieds player in the Western world after buying eBay's online classifieds business in the second half of 2020. Most of 2021 was spent integrating the eBay operations and pruning noncore operations, including Gumtree in SA, which has been flagged for sale. Adevinta will now focus on its largest European markets: Germany, France, Spain, Italy, Belgium, the Netherlands and Luxembourg.

The company hopes to capitalise on the global trend of houses, motor vehicles and other goods increasingly being bought and sold via online platforms.

We wouldn't be surprised if, at some point, Adevinta merges with Prosus's online classifieds business segment.

Altria

Shares of the owner of the Marlboro cigarette brand have been under pressure for the past five years, as have those of most tobacco companies.

Altria attempted to pivot from cigarettes to nicotine harm-reduction products four years ago with the purchase of a 35% shareholding in vaping leader Juul. The value of that stake dropped to less than a tenth of the $12.8bn Altria paid after the teenage vaping craze was quashed by the US's Food & Drug Administration.

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Altria is also a large shareholder in AB InBev, with a stake of roughly 10%. Altria shares offer value to those who have no moral qualms about the sale of nicotine products.

Asos

This UK-listed leading online fashion and cosmetics retailer sells over 850 brands from 168 suppliers and delivers to over 190 countries worldwide.

Its core target market is trend-following 20-somethings, which increases the fashion risk it is exposed to. The group bought the Topshop, Topman, Miss Selfridge and Hiit brands (but not the stores) last year.

Having expanded aggressively from the UK to the rest of Europe and the US, Asos hit a growth wobble in 2021 due to supply chain disruptions and an increase in return of goods. The chair announced his retirement and the CEO abruptly resigned on the back of a profit warning, causing the share price to tank.

If the group can overcome these leadership and logistical challenges and fend off the disruptive fast-fashion upstart Shein, it represents a good recovery opportunity.

CIFI Ever Sunshine Lifestyle Services

Most China-related stocks came under severe pressure in 2021, especially in the real estate sector. Concerns sparked by China Evergrande Group's debt default has caused indiscriminate selling as investors worry about financial contagion.

This year Beijing's resolve to contain the Evergrande fall-out will be tested and investors will probably become more discerning about companies operating in the Chinese real estate sector.

CIFI Ever Sunshine Lifestyle Services is a property management company, providing services to almost 500,000 clients in 114 cities across China.

The group services residential properties, office buildings, shopping malls, exhibition centres, hospitals and schools.

It is controlled by the founders of CIFI, a conservatively managed property developer, which S&P Global Ratings reaffirmed as having a stable outlook as recently as December 19 2021.

The group's Hong Kong-listed shares have halved over the past year, offering those comfortable with exposure to China an enticing proposition.

UnitedHealth

This health-care behemoth, with a market capitalisation of over $400bn, offers medical insurance plans to more than 160-million consumers, mainly in the US. It also operates a health-care services delivery platform via a network of hospitals, provides pharmacy care services and delivers technology-based solutions to the broader health-care industry through its Optum business unit.

The ageing of the US's population provides a strong tailwind to health-care spending, and UnitedHealth is well placed to continue benefiting from this. At a recent investors' conference, UnitedHealth reiterated its long-term earnings per share growth outlook of 13%-16% a year, which is attractive. **x**

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