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MONEY

Ian Cowie Personal Account

Listen up, Mr Southgate, I have the secret for picking World Cup winners

Never mind the football, here's a hat-trick of World Cup winners from my "forever fund" that hit the investment net before the tournament starts in Qatar today. All three are shares I bought on the simple basis that I expected rising demand for the companies' products, and for them to remain profitable for long after I have hung up my boots.

Adidas (listed in Frankfurt, stock market ticker: ADS), the German sporting goods giant, is the most obvious, since it supplies the World Cup match balls, much of the players' kit and has been a Federation Internationale de Football Association (Fifa) partner since 1970. Sport is big business that might become bigger as the world becomes wealthier and keener to keep healthier, so I invested in ADS shares at €61 in July 2014, as reported here at that time.

The shares soared into the stratosphere at €297 last year – and into my top ten shareholdings by value.

However, like football, the stock market can be a game of two halves.

Rising inflation and interest rates delivered a crunching tackle to low-dividend shares such as ADS. Its price plunged to €93 last month before bouncing back to €130 on Friday.

There's more to equity investment than excitement, but I continue to be a fan of this business, which enjoys a gross profit margin of 50 per cent, according to the independent statisticians Refinitiv.

If you are making football shirts for a few dollars in the Far East and selling them for £100 each in Manchester and London, you really can't miss.

So I bought some more shares at €99 on October 25, when the depressed price meant they were yielding dividend income of just over 3 per cent; something I never thought I would see. A sharp recovery since then has squeezed the yield back down to 2.3 per cent and I think there could be further to go.

The Gulf Investment Fund (GIF) is less obvious and more controversial because few British investors have any direct exposure to Qatar, GIF's main geographical focus, and many condemn the way that country is run.

I beg to differ on both counts.

Qatar is one of the world's biggest exporters of liquefied natural gas (LNG), alongside America and Australia. So LNG from this small country in the Arabian Gulf will keep many Europeans warm and in work this winter, whatever the Russians do in Ukraine.

While there is plenty to dislike about the way Qatar treats women and homosexuals, I know some who seem to be perfectly happy working in its capital, Doha. Whatever illiberal liberals may imagine, diversity should include different views and the days are long since gone when Britain could tell other countries how to arrange their affairs.

This small investor paid $1.86 per share to buy into the London-listed

Despite subsequent stock market shocks, the shares closed at $2.14 on Friday and yield 2.3 per cent dividend income.

Last but not least among my World Cup winners is the burger-flipper McDonald's (MCD). It might not be your idea of health food, but MCD has been a Fifa sponsor for more than two decades.

The biggest fast food chain in the world is a beneficiary from fewer women now wishing to spend most of their evenings and weekends cooking for the kiddies, as my mother did. Go into any McDonald's and you will see families enjoying affordable treats, despite the cost of living crisis.

Shares I bought for $95 in July 2014, as reported here at that time, cost $274 on Friday, making MCD my third-most valuable stake. This business enjoys a lip-smacking gross profit margin of 56 per cent plus a return on investment of nearly 13 per cent and I believe there may be further to go.

While the past is not necessarily a guide to the future, because dividends can be cut or cancelled without notice, MCD has increased shareholders' income every year since 1976, rising by an annual average of 7.8 per cent over the past five years. It still yields 2.2 per cent and I'm lovin' it.

Unlike previous World Cups, we won't see much – if any –advertising from brewers and distillers such as Diageo (DGE) and Heineken (HEIO), which also feature in my forever fund. Alcohol is another area where Qatari culture, history and laws

differ from many western tastes. But I suspect I won't be the only fan who wants to celebrate – or commiserate over – our teams' success or failure with a drink or three in the weeks ahead.

If all that sounds a bit simple for the sort of Square Mile shysters who want to make investment sound complicated, then consider this. The legendary shareholder Warren Buffett pointed out years ago: "Your goal as an investor should simply be to purchase, at a rational price, a part interest in an easily understandable business whose earnings are virtually certain to be materially higher five, ten, and twenty years from now."

I reckon my World Cup winners tick those boxes. Share prices may rise and fall, but whether I am feeling over the moon or as sick as a parrot, what's good enough for Buffett is good enough for me.

> **I'm betting on Adidas and McDonald's**