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Premium

**Tom Marsico's global fund has crushed its benchmark for 13 years — and returned 28 times its benchmark in 2020. Here's what he's been buying, and the beaten-down stocks he plans to grab after the pandemic.**

Marley Jay

- Tom Marsico's Global Fund has been one of the best-returning international stock funds in the world for the last decade.
- He told Business Insider about the regions and sectors he's betting on, and the types of stocks he's underweighting or omitting entirely.
- His approach to growth investing has yielded remarkable results in 2020, as his fund had returned 30.4% as of August 6, while the MSCI All Country World Index returned 1.10% over the same time.

**K**nowing what you want and knowing what you don't want can be equally important. Tom Marsico seems to have a strong sense of both. He's the founder, CEO, and chief investment officer of Denver-based Marsico Capital Management and the manager of its Global Fund, which has been one of the best worldwide stock funds throughout the past decade.

That kind of consistency produces powerful results: Since its inception in June 2007, the global fund has climbed 279% while trouncing the 86% gain of its benchmark, the MSCI All Country World Index as of August 6, 2020 has been even more dramatic, as the fund has returned 30.4% as of August 6, while the MSCI All Country World Index returned 1.10% over the same time.

So what does Marsico want in the fund? In an exclusive interview, he explained his must-haves.

"The companies that we're investing in are very knowledge-based," he said. "We like more of these asset-light businesses because generally they generate higher returns, which we think allows for greater innovation."

Entire industries where Marsico doesn't see enough innovation, such as oil and gas, finance, and telecom, are mostly absent. That's helped him stand apart from his benchmark.

He calls digitization a key trend, and he's invested in it with semiconductor companies like Nvidia and ASML, cell tower companies Crown Castle and Cellnex, and a basket of payments companies like PayPal and Global Payments.

"When the downturn in the market was experienced in March, we actually added emphasis to more of these businesses, such as Shopify, Adyen, Square, because the valuations of these companies



Marsico Capital

Tom Marsico is the CEO and CIO of his namesake firm and co-manages its Global Fund, which has ranked among the best international stock funds for the last decade.

came down to levels that we thought were very attractive," he said. "We think that these are very long-lasting, durable businesses."

His new additions during the market downturn included Spotify and Lululemon.

Marsico explains that he's not just focused on tech and consumer-related areas, but on regions that have the most growth and innovation. That means the US, China, and India are heavily represented in the Global Fund while European stocks are scarce.

Despite the big returns for vaccine developers like Moderna and Novavax, there's also very little representation of healthcare because Marsico expects a wave of new public-private partnerships to reset the rules of the industry. But he named a couple of exceptions.

"Lonza, which is going to be providing the ability to manufacture vaccines and other biologics, has a long history of success in these areas," he said, while he likes the potential of Roche's vaccines business, its cancer medicines, antivirals, and its diagnostics business.

While some fund managers are taking the profits they made during the spring rally and moving on to new areas, Marsico says he still likes the stocks he bought during the downturn and isn't making wholesale shifts. But he's already starting to evaluate the stocks he could add to the portfolio when the COVID-19 pandemic is under control.

"We're looking at companies that are using the internet space

to bring about services to the hospitality industry and to media," he said, with an eye on companies that have remade their businesses after the pandemic stopped them in their tracks.

One company that fits that description is Disney, which has integrated many of Fox's assets and launched Disney Plus this year. He also sees potential in ticketing services company LiveNation, assuming its balance sheet still looks solid when the crisis ebbs.

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As of 6/30/2020, the Marsico Global Fund's average annualized returns for the one-year, five-year, ten-year, 13-year and since inception periods were 22.56%, 12.97%, 14.69%, 9.89% and 9.90% respectively. The MSCI All Country World Index's average annualized returns for the one-year, five-year, ten-year, 13-year and the Global Fund inception periods were 2.11%, 6.46%, 9.16%, 4.26% and 4.27%, respectively.

**The MSCI All Country World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. Sources of foreign exchange rates may be different between the Fund and the benchmark. The index described above is unmanaged and not available for direct investment. For comparison purposes, it should be noted that the index described above does not charge fees and has no expenses.

Inception date for the Marsico Global Fund: June 29, 2007.

Top 5 Holdings as of 6/30/20:	% of Fund
Amazon.com, Inc.	6.25%
Microsoft Corporation	6.03%
Alibaba Group Holding Ltd. Spon. ADR	4.85%
Facebook, Inc. – Cl. A	4.22%
Visa, Inc. – Cl. A	4.07%

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