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How to dodge market mania

But even if you accept the premise that the US sharemarket is a little too wild for comfort at current levels, the consensus view of investment professionals is that pulling out of US stocks entirely would be an even riskier move.

"The US market makes up about 60 per cent of the global equity market by capitalisation," says Singh. "So you would be taking a very big bet if your global equity portfolio left out the US altogether."

And it's not just the scale of the US market. Its sectoral tilts make it almost a non-negotiable in terms of equities allocation in a well-constructed portfolio.

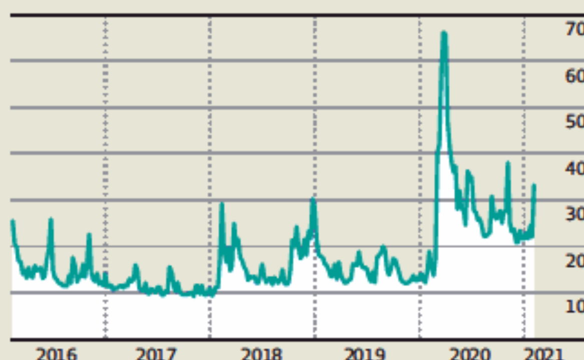
As Vynokur explains: "The US [is] overweight technology and consumer stocks whereas we're overweight financials and resources. So some exposure to the US market can help add diversification."

And a bet on the US is not even a bet on the US, Singh says, because so many American-listed companies derive much of their income from overseas. In other words, there is often an inherent diversification in allocating to the US, depending on the company and its global footprint.

Nonetheless, professionals with experience investing in the US say due diligence is wise, especially given the hysteria in the social and news media cycles.

"A good filter for investors to distinguish between macro- or media-driven stock moves versus underlying fundamental-driven stock moves might be to assess the intensity of media coverage," says Jonathan

Behind the headlines



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> **A good filter for investors ... might be to assess the intensity of media coverage.**
> Jonathan Nurick, DivGro

Nurick, whose unique Sydney-based income fund, DivGro, returned 20.5 per cent over the year to November 30 in US dollar terms.

"A rapid explosion of media focus will often correlate with sudden significant moves, either up or down, in the companies being discussed," he adds.

"Companies with less polarised coverage tend towards price movement which is more closely linked to developments at the underlying or fundamental level."

Nurick says serious equities investors should be looking for long-term growth prospects evidenced by "robust real unit growth" – as opposed to "price-driven nominal sales growth" – as well as a return on capital re-invested by the company.

The rate at which a US company increases its dividend is, in his view, an excellent barometer of that and a sign it might be worth investing.

With all of that in mind, the US experts singled out some stocks they like in terms of attractive fundamentals and their ability to withstand the emotional and cultural winds howling through markets.

Zehrid Osmani, head of the global long-term unconstrained strategy at fund manager Martin Currie, sees six areas of long-term opportunity for US investors. They are infrastructure related to 5G telecommunications and high-speed rail; green infrastructure under President Joe Biden; robotics and automation; cloud computing and cyber security; and better health, including food hygiene, with implications for real estate.

As such he lists NYSE-listed Veeva Systems, a pharmaceutical and life sciences technology company, and Nasdaq-listed medical device manufacturer Masimo as companies to consider.

In robotics, he likes Pennsylvania-based Ansys, and in IT, he selects 22-year-old cyber-security pioneer CyberArk and blue chip Microsoft. He also names Nike and Estee Lauder as two US-listed global companies well placed to benefit from demographic changes.

"All of those stocks offer a good mix of growth and returns, with dominant market positions, solid balance sheets and sustainable business models in our opinion," Osmani says.

Franklin Templeton's Mu similarly suggests that the robotics and cyber-security fields present an attractive exposure, tipping Silicon Valley companies Intuitive Surgical and Zscaler as potential buys.

Nurick picks two pharmaceutical companies with close connections but different risk profiles. The first is Abbott Laboratories, which offers an opening dividend yield of about 1.5 per cent. An alternative is the higher-yielding AbbVie, which was spun out of Abbot Labs in 2013 and offers an opening dividend of about 5 per cent.

Although his DivGro fund has a dividend-hunting focus, Nurick says he has a preference for Abbott. That's because some of AbbVie's key patents are nearing expiry, including the flagship Humira, which he describes as "perhaps the best-selling drug ever known". That adds some inherent risks, Nurick says.

But Abbvie does have some potential "star drugs" in the offing, he adds, and both pharma companies have ultimately been "dynamic dividend raisers".

BetaShares' Vynokur says it is still hard to look past the FAANG stocks, listing Alphabet (Google), Amazon and Facebook in particular. Ever the ETF enthusiast, he says many investors looking to diversify away from the heated technology sector are opting for a more broad-based index fund, such as one tracking the S&P 500. SI