WINNING LIKE A WORLD CUP CHAMPION: WHY GEOGRAPHIC DIVERSIFICATION MATTERS

2021	2022	2023	2024	2025	YTD
US Large 29.9	UK Large 4.7	US Large 19.2	US Large 27.3	Europe xUK 26.2	Asia 28.8
UK Large 18.4	Japan -4.4	Europe xUK 14.8	China 18.3	UK Large 25.8	EM 25.3
Europe xUK 16.7	Europe xUK 7.6	Japan 13.6	Asia 12.0	EM 24.4	Japan 15.4
Japan 2.2	US Large -7.8	UK Large 7.9	Japan 10.5	Asia 20.9	US Large 11.0
EM -1.6	EM -10.0	EM 3.6	UK Large 9.8	China 19.2	UK Large 6.6
Asia -5.7	Asia -13.1	Asia -0.4	EM 9.4	Japan 16.7	Europe xUK 6.5
China -22.1	China -14.0	China -18.2	Europe xUK 1.9	US Large 4.8	China -9.2

Market conditions can change rapidly and different regions may underperform for extended periods

Annual returns for various global indices ranked by performance, best to worst. As of date 31/05/2026 Currency: Pound Sterling

Source: Morningstar Direct, all returns in GBP (Pound Sterling), Tatton Investment Management Ltd

- US Large
- UK Large
- Europe xUK
- Japan
- EM
- Asia
- China

A successful football team entering the World Cup knows that relying on just one star player is risky. Injuries, poor form, or a difficult opponent can quickly derail a campaign. Instead, tournament winning teams build strength across every position, creating resilience and flexibility.

The same principle applies to investing.

A diversified portfolio that includes equities from multiple geographic regions can help investors manage risk but does not eliminate it and capture opportunities wherever they emerge. Just as the World Cup showcases talent from every continent, global markets offer different sources of growth, income, and opportunities. And just as in football, it does not guarantee positive returns.

Consider how regional equity markets have performed over time. There have been periods, such as the last 12 months when U.S. equities dominated global returns, driven by technology giants and strong economic growth. Yet other periods have seen emerging markets delivering powerful growth due to reform, demographics and technology booms with expanding consumer demand.

As you can see by this very simple performance heatmap, over the last 5 years the best performing team (or geographical area) has varied year on year, indeed US Large Cap (largest Companies) was the best performing region in 2024 but worst the following year. Also, as mentioned, the Emerging Market region has risen over the past three years with markets in Asia becoming increasingly influential as the region's economic footprint has grown.

If an investor only held one regional market, they would be betting on a single team to win every tournament. By allocating capital across North America, Europe, Asia-Pacific, and emerging markets, investors can benefit from a broader range of economic drivers, industry exposures, and currency movements.

The World Cup provides a useful analogy. A tournament favourite may stumble, while an unexpected contender advances deep into the competition. Likewise, the front runner among equity markets rotates over time. The strongest-performing region in one decade is often not the leader in the next.

Geographic diversification helps investors avoid concentrating risk in a single economy and increases the likelihood of participating in global growth opportunities. Just as a World Cup-winning squad draws strength from every position on the pitch, a well-diversified portfolio draws strength from markets around the world.

In investing, as in football, success often comes not from predicting the next champion, but from building a team capable of performing under any conditions.

Our team is here to help so if you would like to explore the ideas in the article further please contact us at **info@thomsoncooper.com**.