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# Top international fund offered 27% in a year. Is it time to invest in overseas funds?

BY [SHIVANI BAZAZ](#), ET ONLINE | UPDATED: OCT 30, 2018, 12:54 PM IST

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Indian equity mutual fund investors may be brooding over negative returns in the last year. However, investors in international [mutual funds](#) are all smiles. The top fund in the overseas category -- [Motilal Oswal NASDAQ 100 Exchange Traded Fund](#) -- has given 27 per cent in the last year; [HSBC Brazil Fund](#) has offered around 18 per cent in one month. Mutual fund advisors say the current scenario underscores why investors need to diversify their portfolio across geographies.

While speaking last week at the ET Wealth Investment Workshop in Chennai, [Anand Radhakrishnan](#), CIO, [Franklin Templeton Mutual Fund](#), said that [international funds](#) open a window of great ideas for Indian investors. "Firstly, international funds give you a chance to bet on the disruptors and great ideas in the global markets. Secondly, they provide geographical diversification to your portfolio and thirdly, they save you from a depreciating currency," said Anand Radhakrishnan.



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[Motilal Oswal NASDAQ 100 Exchange Traded Fund](#) fund, the topper in the category have given as high as 27 per cent returns in one year, 18 per cent in three years and 19 per cent in five years. [ICICI Prudential US Bluechip Equity Fund](#) has given 20.26 per cent in one year, [Reliance US Equity Opportunities Fund](#) has returned 18.45 per cent in the same time frame. [Franklin India Feeder Franklin US Opportunities Fund](#) has given 17.83 per cent returns in one year and [DSP US Flexible Equity Fund](#) has returned 16.94 in one year.

[Vishal Dhawan](#), founder, [Plan Ahead Wealth Managers](#), believes that international funds are critical in an investor's portfolio. "We have always suggested investors that an allocation to international equities is much needed. The allocation can be anywhere between 5-20 per cent depending on the size and needs of a portfolio," says Dhawan.

The mutual fund schemes that invest in overseas markets are termed as international schemes. Though there are no clear sub-categories of the international funds, they are broadly either country-specific international funds, commodity-based international funds or thematic funds. Some of the international funds are theme based and invest in sectors such as consumption, energy, real estate and agriculture. Most general type among these are the country and region specific international funds.

"As a principle we believe that 60 per cent of your international allocation should be in US-specific funds and rest should be across the world, say, in ASEAN, Europe and China," says Vishal Dhawan.

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There are diversified equity schemes in India which have an exposure to international schemes but they are limited in number. For example, Parag Parikh Long Term Equity Fund has some allocation to international stocks in their portfolio. However, Dhawan believes that it is better to opt for a pure international scheme. “ There are schemes that have exposure to international companies, but betting on a pure, international market specific fund makes sense for the diversification purposes,” says Dhawan.

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