

# The Smart Investor

## US, China gains whet appetite for int'l MFs

Net inflows hit ₹500 cr in Aug; new accounts reach 19-month high

ABHISHEK KUMAR  
Mumbai, 11 September

Investor interest in overseas mutual fund (MF) schemes is picking up, driven by their widening near-term outperformance relative to domestic funds. In August, these schemes attracted net inflows of ₹500 crore, the highest since October 2021. Net new account additions, at 24,525, are also the highest in 19 months.

The strong inflows have come despite most schemes being closed for subscription due to regulatory limits on overseas investments.

Most international schemes offered by Indian fund houses invest in US and Chinese equities, both of which have rallied appreciably over the past year. This rally, combined with the rupee's depreciation, has led to a sharp outperformance of international funds compared to domestic offerings.

Schemes such as Mirae Asset Hang Seng TECH ETF (exchange-traded fund), DSP World Gold Mining Overseas Equity Omni FoF (fund of funds), Mirae Asset NYSE



ILLUSTRATION: BINAY SINHA

FANG+ ETF, and Invesco India Invesco Global Consumer Trends FoF have generated over 70 per cent returns in the one year, according to Value Research data. The recent rally has also lifted their three-year performance, with four of the top five equity schemes over that period now being international funds.

Over the past year, domestic equity fund performance has remained largely muted, with stock prices correcting in the first half before staging a recovery.

Experts say the comparative performance highlights the need for global diversification.

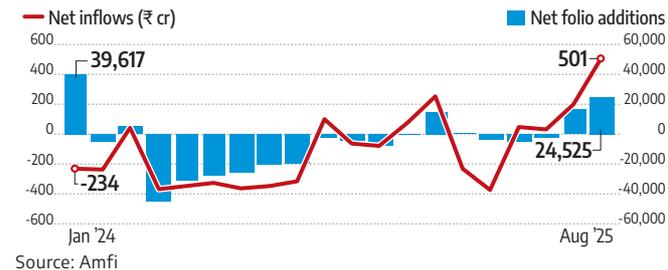
"The benefits of geographic diversification through international funds have been demonstrated repeatedly, including

recently, where relatively higher tariffs in India compared to most other geographies and the weakness of the rupee against the US dollar have helped them outperform Indian equities," said Vishal Dhawan, founder and chief executive officer of Plan Ahead Wealth Advisors.

However, Vishal Dhawan, founder and chief executive officer of Plan Ahead Wealth Advisors, cautioned investors to approach valuations in many international markets from a longer-term perspective, as they are often above long-term averages. A combination of domestic and international funds works well to manage risk and meet goals like international education for children and travel," he added.

Investors have three routes for interna-

### Signs of revival



Source: Amfi

tional exposure. Beyond MFs, avenues include investments through the Gujarat International Finance Tec-City (GIFT City) and platforms that allow direct equity investments in the US and other markets.

The international investment pick-up is also visible in funds operating through GIFT City.

As of June, investments in foreign jurisdictions stood at \$1.43 billion, up nearly 70 per cent from \$842 million at the end of March. Meanwhile, portfolio management services assets operating out of GIFT City climbed 23 per cent to \$1.46 billion during the April-June quarter, up from \$1.18 billion at the end of March 2025. This route is primarily used by high-networth individuals and family offices.