This international mutual fund resumes subscription. Should you invest or wait?

By Surbhi Khanna, Published on: Aug 03, 2026

Baroda BNP Paribas Aqua Fund of Fund (FoF), an open-ended Fund of Fund scheme investing in BNP Paribas Funds Aqua (Lux), has resumed acceptance of fresh subscriptions with effect from August 3.

According to a notice cum addendum, the scheme shall accept subscriptions by way of lumpsum purchases, additional purchases, switch-ins, fresh registrations of Systematic Investment Plans (SIPs) and Systematic Transfer Plans (STPs), and all other eligible transactions, subject to the terms, conditions and minimum application amounts specified in the SID of the scheme.

The AMC at its discretion reserves the right to suspend the subscription as and when it is close to the headroom limits and a separate notice in this regard shall be issued to the Investors. All other terms and conditions of the SID and KIM of the scheme remain unchanged.

On July 23, the fund house, in order to avoid potential breach of limits, decided to temporarily suspend the sale of units and acceptance of fresh subscriptions in the scheme.

However, instalments under existing SIPs/STPs registered on or before July 22, 2026, switch-outs, redemptions, fresh registration of Systematic Withdrawal Plans (SWPs), instalments of existing SWPs where the scheme is the source scheme, and intra-scheme switches (Regular to Direct Plan and vice versa) and intra-plan switches (Growth to IDCW and vice versa) were not impacted.

Time to wait or invest now?

Many investors who missed the opportunity to invest before international mutual fund subscriptions were suspended and as this international fund has resumed subscription are now wondering whether they should invest or look for alternatives.

Vishal Dhawan, Founder & CEO, Plan Ahead Wealth Advisors told ETMutualFunds that investors should avoid trying to time the market. According to him, the reopening of mutual funds only reflects regulatory approval to accept fresh inflows and should not be interpreted as a signal that markets are attractive. Instead of waiting for a correction, he recommends investing through Systematic Investment Plans (SIPs) or Systematic Transfer Plans (STPs) to average purchase costs over time.

For investors who cannot currently access international mutual funds, he suggests temporarily parking money in domestic liquid instruments while evaluating overseas investing through LRS-based platforms or GIFT City products. Fresh SIPs into international mutual funds can resume once regulatory limits are revised and fund houses reopen subscriptions.

Manish Kothari, Co-founder & CEO, ZFunds shared with ETMutualFunds that one should treat international allocation the same way as domestic equity investment based on relative attractiveness rather than trying to time a correction and a mix of lumpsum plus SIP/STP is the sensible default, with the split depending on individual risk appetite.

He further said that until subscriptions reopen, use GIFT City funds or global ETFs to start building exposure rather than waiting on the sidelines, since timing the reopening or a global correction isn't a reliable strategy.

Overseas investment limits

These restrictions are a result of SEBI's overseas investment limits for mutual funds. Indian mutual funds operate under an industry-wide overseas investment cap, and once fund houses approach these limits, they temporarily stop accepting fresh inflows into international schemes until investment headroom becomes available.

In February 2022, the regulator asked fund houses to stop accepting fresh investments in international schemes after the industry-wide overseas investment limit was exhausted. Since then, most fund houses have either suspended lumpsum investments, SIPs, or both in their international mutual fund schemes.

In the second week of July, Edelweiss Mutual Fund said it is nearing the overseas investment limit allowed for mutual funds under the industry-wide cap introduced on February 1, 2022. As a result, it has stopped accepting fresh SIPs and other investments in select international funds. PGIM India Mutual Fund and Franklin Templeton Mutual Fund also suspended fresh investments in some of their international schemes after approaching the same regulatory limit.

And because of these limits, Indian investors looking to increase overseas exposure are facing challenges as the fund houses have restricted fresh inflows into international schemes after hitting regulatory overseas investment limits.

What are the alternatives to have global exposure?

As access to international mutual funds remains restricted in some cases, investors are exploring other ways to gain overseas exposure. There are other possible options to global exposure which includes through the LRS route, GIFT City leaving investors confused which one to pick for investment in case the limits are not increased.

How important is international diversification today?

As the fund houses have restricted fresh subscription in their international funds and market experts always recommend holding certain portions in global funds or other possible investment avenues. So how important it is to have international diversification today.

Dhawan said international diversification reduces dependence on a single country's economy and provides exposure to sectors and companies, especially in technology, that are not adequately represented in Indian markets.

He further said that even if mutual fund subscriptions remain closed, investors can continue holding their existing international investments or explore alternative routes to maintain global exposure.

Kothari echoed a similar view, stating that combining domestic and international equities has historically improved a portfolio's risk-return profile because different markets do not move in tandem. Since no single market consistently outperforms over long periods, maintaining international exposure helps reduce home-country bias.

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