AN INVESTOR GUIDE FROM MONEYWORKS4ME

A Guide to Global Equity Investing

Why Indian investors should look beyond India, and how to do it thoughtfully

The central idea

India should remain the foundation of an Indian investor’s wealth. Global equities can make that foundation more complete by adding world-leading businesses, industries unavailable domestically, and exposure to another currency and economic cycle.

For resident Indian investors

July 2026

Inside this guide

Global investing is no longer a niche idea. The challenge is not access alone. It is deciding why to invest, what role global equity should play, how much to allocate, and which route makes sense for an Indian investor.

Use this guide in the right order

Begin with the role global equity should play in your total portfolio. Only then move to the index, fund, ETF, active manager or investment platform. A product-first approach often produces overlapping holdings, avoidable tax frictions and an allocation that is difficult to manage.

SECTION 01

India remains the foundation

Global investing is not a verdict against India. It is a response to the fact that an Indian investor’s financial life is already heavily concentrated in India.

Most Indian investors earn in rupees, own property in India, hold Indian financial assets and expect to meet most future expenses in India. Business interests, pensions and even career prospects are usually connected to the same economy.

This home-country concentration is natural. India also offers a powerful long-term growth opportunity, deepening capital markets and outstanding businesses across financial services, consumer sectors, manufacturing, pharmaceuticals, industrials and technology services.

The case for investing globally therefore does not begin with the idea that India lacks opportunity. It begins with a different question:

> **A better question**
> What can global equity add to a portfolio that is already designed around India?

Seen this way, global equity is not a substitute for India. It is a second engine of wealth creation and a source of portfolio resilience.

This distinction matters. Investors who approach global markets as a short-term contest between India and the United States are likely to chase whichever market has recently performed better. Investors who approach global equity as portfolio completion are more likely to build an allocation they can hold through different market cycles.

SECTION 02

What global equity really adds

The strongest case for global investing is broader than technology. It rests on four distinct benefits.

1. World-leading businesses Own exceptional companies wherever they are listed, including leaders in healthcare, payments, industrial automation, data, luxury, aerospace and technology.	**2. Industries missing in India** Gain meaningful exposure to advanced semiconductors, chip equipment, cloud platforms, enterprise software and other areas with limited domestic representation.
3. Currency diversification Hold part of long-term wealth in assets denominated in the US dollar and other major currencies rather than depending entirely on the rupee.	**4. Different growth drivers** Participate in businesses whose earnings are tied to global demand, innovation and economic cycles that may not move in step with India.

Own some of the world's best businesses

A global allocation can provide access to companies that have spent decades building intellectual property, trusted brands, distribution networks, data advantages, manufacturing know-how and disciplined capital-allocation cultures. These advantages exist across sectors, not only in AI or consumer technology.

Examples of business categories that are difficult to replicate through Indian equities include global payment networks, semiconductor foundries and equipment makers, enterprise-software platforms, premium luxury houses, specialised industrial-automation companies, global rating and data businesses, and selected healthcare innovators.

Own industries that India does not yet represent meaningfully

India has excellent IT services companies, but this is different from owning the global cloud platforms, software-product companies and semiconductor ecosystem that create the tools used by those service providers. In the same way, India has a growing healthcare industry, but only limited exposure to some areas of global biotechnology, medical devices and obesity or oncology innovation.

Diversify the currency of your wealth

Currency movements can help or hurt returns over shorter periods, so rupee depreciation should never be treated as a guaranteed return. The enduring benefit is diversification. An investor whose income, property and liabilities are all linked to the rupee may reasonably hold a portion of long-term financial assets in global currencies.

> **The objective**
>
> Global investing is not about owning more countries for the sake of it. It is about owning more independent sources of long-term compounding.

SECTION 03

Growth of an economy is not the return of its market

A fast-growing economy can be an excellent place to do business without automatically being the highest-returning stock market.

Economic growth and shareholder returns are related, but they are not the same thing. Gross domestic product measures the growth of an economy. An investor's return depends on the earnings and cash flows that listed companies generate for each share owned, the dividends and buybacks received, the valuation paid at entry and, for a global investment, currency movement.

Economic growth is influenced by	Equity returns are influenced by
Population, productivity and investment	Growth in earnings per share
Government spending and private consumption	Return on capital and competitive advantage
New businesses entering the economy	Dividends, buybacks and dilution
Inflation and currency conditions	The valuation paid and the valuation at exit
Growth across listed and unlisted activity	The proportion of economic value captured by listed shareholders

This helps explain why the US market has delivered strong returns despite the US economy growing more slowly than India for much of the last two decades. Many large US-listed companies earn substantial revenue outside the United States, operate with high margins and returns on capital, and dominate global profit pools.

It also explains why the correct conclusion is not that one country is permanently superior. India and global equities are exposed to different business mixes, valuations, currencies and cycles. Holding both can be more robust than trying to predict a permanent winner.

SECTION 04

What performance history can, and cannot, tell us

History supports the case for long-term equity ownership. It does not tell us which market will lead over the next five years.

Over the 30 calendar years from the beginning of 1996 to the end of 2025, the S&P 500, including reinvested dividends, compounded at approximately 10.3% a year in US-dollar terms. That period included the dot-com collapse, the Global Financial Crisis, the pandemic and several bear markets.

The more recent decade was considerably stronger. Through June 2026, the S&P 500 had compounded at roughly 15.5% a year over ten years. Recent performance was helped by powerful earnings growth, expanding margins and the exceptional rise of a relatively small group of technology and AI-linked companies.

India has also compounded wealth over long periods. As of June 2026, the Nifty 500 Total Return Index had delivered approximately 12.1% a year since its 1995 base date and 12.4% a year over the previous five years, in rupee terms.

Observation	What an investor should conclude
Both Indian and US equities have created substantial long-term wealth.	Global investing need not be justified by claiming that India will underperform.
Market leadership changes across periods.	Avoid allocating based on the winner of the most recent five or ten years.
US returns in the recent decade were well above the longer-term average.	Future expectations should be more conservative than a simple extrapolation of recent returns.
Indian and US returns are reported in different currencies.	The experience of a resident Indian depends on both the asset return and the rupee’s movement.

Data notes: S&P 500 total returns from NYU Stern and an S&P 500 tracking-fund factsheet; Nifty 500 returns from NSE Indices. Figures are rounded and are not directly comparable across currencies.

Past performance is context, not a portfolio strategy

The purpose of global diversification is to participate in different sources of wealth creation, not to move repeatedly into whichever market has just delivered the highest return.

SECTION 05

The S&P 500: an excellent core, not the whole world

For many Indian investors, the S&P 500 is the most practical introduction to global equity. Its strengths are real, but so are its limitations.

The S&P 500 provides broad exposure to large US-listed companies through a liquid, transparent and relatively low-cost benchmark. Many constituents are global businesses rather than purely domestic American companies. They sell software, chips, healthcare products, financial services and consumer products around the world.

The index also renews itself. New leaders enter and gain weight as their market values grow, while older leaders become less important. This ability to evolve is one reason the S&P 500 has remained relevant across very different economic eras.

What an investor owns today

The label “500 companies” can create an impression of even diversification. The reality is more concentrated. In mid-2026, Information Technology represented about 38% of the S&P 500, and the ten largest constituents accounted for roughly 38% of the index.

The contrast with India is useful. As of June 2026, Financial Services represented about 31.6% of the Nifty 500 while Information Technology represented about 5.7%. The ten largest Nifty 500 constituents together accounted for just under 30%. Classification systems differ, so the figures are not perfectly comparable, but the portfolio message is clear: the two markets provide very different exposures.

Portfolio characteristic	Nifty 500	S&P 500	What it reveals
Largest sector	Financial Services: ~31.6%	Information Technology: ~38.0%	India and the US are driven by different profit pools.
Top ten weight	~29.9%	~38%	The S&P 500 is more concentrated in its mega-cap leaders.
Technology exposure	IT services form a meaningful part	Software, semiconductors, platforms and cloud dominate	The exposures are complementary rather than interchangeable.

Sources: NSE Indices and S&P Dow Jones Indices, data as of 30 June 2026. Sector classifications are not identical.

What the S&P 500 does not own

The S&P 500 is a US large-cap index. It does not provide direct ownership of leading companies listed exclusively in Europe, Japan, Taiwan, South Korea or emerging markets. Businesses such as TSMC, ASML, SAP, Novo Nordisk, Hermès and Keyence sit outside it.

It also does not remove valuation risk. A company can be exceptional and still deliver disappointing returns if expectations embedded in its price are too high.

Our view

The S&P 500 is an excellent benchmark and often an effective core. It should not automatically be mistaken for a complete global portfolio.

SECTION 06

Nasdaq, AI and the danger of accidental concentration

Investors often believe that adding more funds creates more diversification. In global equity, it can quietly create more of the same exposure.

The Nasdaq-100 has delivered exceptional historical returns and owns many of the world's leading technology and growth companies. But its largest holdings are also among the largest companies in the S&P 500.

Choice	What it broadly provides	What happens when added to the S&P 500
S&P 500	A broad US large-cap core across all major sectors	Establishes the base exposure.
Nasdaq-100	A concentrated tilt towards large non-financial growth and technology companies	Increases the weight of many companies already owned.
Semiconductor ETF	Focused exposure to chip designers, foundries, memory, equipment and related infrastructure	Adds a distinct AI-infrastructure tilt, but with greater cyclicality and valuation risk.

An important distinction

Owning the S&P 500 and the Nasdaq-100 is not wrong. It is simply an active decision to overweight technology, not a second layer of diversification.

AI matters, but it should not dominate the entire case

Artificial intelligence could reshape software, healthcare, industrial processes, defence, logistics and consumer services. The opportunity extends beyond the most visible platforms. It includes advanced processors, memory, semiconductor manufacturing, chip-design software, networking, cooling, power management and data-centre infrastructure.

Yet global equity offers much more than AI. Long-term compounders can also emerge from healthcare innovation, payment networks, industrial automation, electrification, aerospace and defence, cybersecurity, premium brands, market data and rating businesses.

A theme deserves a place in a portfolio only when three conditions are met: the structural demand is real, the companies can capture attractive economics, and the valuation leaves room for shareholders to earn a reasonable return.

Quality is not enough

A great business, a powerful theme and a rising market can still become a poor investment when the price assumes too much success.

SECTION 07

Passive, active, or a combination?

The choice is not ideological. Each approach solves a different portfolio problem.

Passive investing is difficult to beat for simplicity, transparency, liquidity and cost. A broad index can serve as a reliable core and removes the need to identify in advance which company will become the next leader.

Active investing can add value when it is genuinely different from the benchmark. It can own leading businesses outside the US, limit exposure to expensive mega-cap companies, apply valuation discipline and build positions according to conviction rather than market capitalisation.

The risk is that many active products charge more without being meaningfully different. Similarly, a collection of passive products can become an expensive-looking version of the same underlying holdings.

Building block	Role in the portfolio	Strength	Main risk
Broad passive core	Capture broad market compounding	Low cost, transparent and self-renewing	Inherits index concentration and valuation
Active global leaders	Own selected world-class companies across countries	Can be valuation-aware and genuinely global	Manager selection and underperformance risk
Focused satellite	Add a deliberate structural theme	Meaningful exposure to an underrepresented opportunity	Cyclicality, concentration and timing risk

A practical structure

For many investors, the most sensible answer is not passive or active. It is a broad core, complemented only where research can add a clearly different exposure.

SECTION 08

How much global equity should you own?

The allocation matters more than the product. A good fund in the wrong proportion can still create a poor portfolio.

There is no universal percentage. The answer depends on the size of the portfolio, domestic concentration, investment horizon, risk capacity, future foreign-currency expenses, existing overseas assets and the investor’s ability to tolerate periods when India and global markets perform very differently.

Many Indian investors begin with 10% to 15% of investable assets. Larger portfolios, particularly those seeking broader currency and geographic diversification, may reasonably consider 15% to 25%. An allocation above this range should be a deliberate portfolio decision rather than a default response to recent US performance.

Investable portfolio	Illustrative global-equity range	How to interpret it
Up to ₹2 crore	10%–15%	Establish a meaningful allocation without overcomplicating implementation.
₹2–5 crore	15%–20%	Broaden the sources of growth and currency exposure.
₹5–10 crore	20%–25%	Support a more complete multi-market portfolio.
Above ₹10 crore	20%–30%	Allow greater diversification across regions, strategies and structures.

Illustrative ranges, not a recommendation. The appropriate allocation must be integrated with the investor's total asset allocation and goals.

Five factors should change the number

- A future education, retirement or family expense denominated in foreign currency can justify a larger allocation.
- Significant business, property and equity concentration in India can increase the value of diversification.
- Existing employer stock, overseas retirement accounts or inherited foreign assets may already provide global exposure.
- A shorter horizon or near-term liquidity need should reduce reliance on volatile global equity.
- An investor unable to tolerate currency and market underperformance relative to India should begin more modestly.

Do not confuse gradual investing with market timing

A large allocation can be phased in to manage behavioural and valuation risk. The objective is to reach a strategic allocation, not to wait indefinitely for the perfect entry point.

SECTION 09

Diversification has diminishing returns

The first layer of diversification is extremely valuable. Each additional layer usually adds less.

Moving from one stock to a sensibly diversified equity portfolio can reduce risk substantially. Diversifying across equity, debt, gold and real estate can reduce dependence on a single asset class. Adding global assets can reduce dependence on one country and currency.

But moving from 100 companies to 500 companies does not provide the same leap in protection as moving from one company to 20 or from one country to several. This matters because global equity is usually only one component of an already diversified portfolio.

Suppose global equity represents 15% of a total portfolio. A 20% focused satellite within that allocation represents only 3% of the total portfolio. The relevant risk must therefore be assessed at the total-portfolio level, not by looking at the global sleeve in isolation.

Portfolio-level thinking

The goal is not to make every component perfectly diversified. The goal is to make the total portfolio resilient, purposeful and capable of compounding.

This does not justify reckless concentration. It does mean that investors should avoid accumulating multiple broad funds merely to increase the number of securities owned. The more useful question is whether each holding contributes a distinct source of return.

SECTION 10

Global access has improved. The sensible routes are still limited

GIFT City and new global-access platforms have expanded what resident Indians can technically buy. The right route is still constrained by taxation, regulation, estate planning, product domicile and reporting.

Investing globally is not yet as straightforward as buying an Indian share or mutual fund. Two products can track the same index but produce different outcomes because they are domiciled in different jurisdictions or accessed through different structures.

GIFT IFSC is an important development. It provides a regulated Indian gateway to global markets and enables fund managers, brokers and global-access providers to offer foreign-currency products. Resident Indian participation, however, generally remains under the Liberalised Remittance Scheme. GIFT City improves access; it does not make LRS, TCS, taxation or estate-duty considerations disappear.

Route	What the investor owns	Main advantage	What requires attention
Indian-domiciled international mutual fund or fund of funds	Units of an Indian fund investing overseas	Operational simplicity; no personal overseas brokerage account or LRS remittance	Scheme availability, costs, tax classification and overseas investment limits
GIFT IFSC fund	Units of an IFSC-regulated foreign-currency fund	India-regulated gateway with a growing range of global strategies	LRS and TCS for residents, fund structure, liquidity, tax treatment and minimums
Ireland-domiciled UCITS ETF or fund through a permitted platform	Units of a non-US-domiciled fund holding global securities	Broad product choice and potential reduction of direct US estate-tax exposure	Platform access, fund-level withholding, costs, liquidity, Indian taxation and reporting
Direct foreign stocks or US-domiciled ETFs	The overseas securities themselves	Maximum control and the widest investment universe	US estate tax, TCS cash flow, dividend withholding, Schedule FA and operational complexity

Many choices on screen, fewer sensible choices in practice

For a long-term resident Indian investor, the best route is not necessarily the one with the largest product catalogue. It is the one that delivers the required exposure with

Route	What the investor owns	Main advantage	What requires attention

manageable tax, estate, cash-flow and reporting consequences.

SECTION 11

Taxes, TCS, estate duty and reporting

The investment decision and the investment structure must be evaluated together. The following is a practical overview for resident Indian investors, not personalised tax advice.

Issue	Current broad position	Why it matters
Liberalised Remittance Scheme	A resident individual may remit up to USD 250,000 per financial year across permitted LRS purposes.	The limit covers all eligible remittances, not only investments.
TCS on investment remittances	For LRS remittances for investment and other non-education or medical purposes, TCS is generally 20% on the amount exceeding ₹10 lakh in a financial year.	It is normally creditable or refundable, but it can create a significant temporary cash-flow drag.
Capital gains on direct foreign securities	The US generally does not tax capital gains of a non-resident investor in ordinary circumstances. A resident Indian is taxable in India. Foreign shares are generally long-term after 24 months; long-term gains are currently taxed at 12.5% without indexation, subject to prevailing law and individual circumstances.	The gain is computed in rupees, so currency movement affects the taxable gain.
Dividends from US companies	Portfolio dividends are generally subject to 25% US withholding under the India-US treaty, with Indian tax also applying and foreign-tax credit potentially available.	Documentation, tax-credit claims and the investor’s marginal rate affect the final outcome.
US estate tax	US shares and US-domiciled ETFs can be US-situs assets. A filing requirement can arise when such assets exceed USD 60,000 at death, and federal estate-tax rates are graduated up to 40%.	This can be material for long-term HNI portfolios. It is not accurate to assume a flat 40% tax on the entire portfolio, but the exposure should not be ignored.
Foreign-asset reporting	Residents holding direct foreign assets or earning foreign income may need to report them in the relevant ITR schedules, including Schedule FA, FSI and TR as applicable.	Non-disclosure can carry serious consequences; record-keeping is essential.

Why fund domicile matters

A US-domiciled ETF and an Ireland-domiciled UCITS ETF may both track the S&P 500, but they are not identical from the perspective of a resident Indian. The fund domicile can affect estate-tax exposure, dividend withholding at the fund level, documentation and available share classes.

Similarly, an Indian-domiciled fund, a GIFT IFSC fund and a directly held overseas ETF can create different tax and reporting obligations even when the underlying portfolio is similar. This is why product selection without structure analysis is incomplete.

GIFT City is a gateway, not a tax-free bypass

Its value lies in regulated access, onshore expertise and a growing product ecosystem. The investor must still examine the specific fund, domicile, tax treatment, LRS usage, TCS and succession implications.

Tax laws and product structures change. The final route should be reviewed with an adviser and, where material, a qualified tax professional before implementation.

SECTION 12

A practical framework for building the allocation

The process should move from the portfolio problem to the investment solution, not the other way around.

1. Define the job

Decide whether the allocation is intended to add currency diversification, access missing sectors, own global leaders, meet future foreign-currency liabilities, or achieve a combination of these goals.

2. Set the strategic allocation

Choose a target range that fits the total portfolio and can be maintained through periods of underperformance.

3. Choose the investment engine

Select a broad passive core, an active global-leaders strategy, a focused satellite, or a deliberate combination.

4. Select the route

Evaluate domicile, LRS usage, TCS, taxation, estate duty, platform regulation, liquidity, costs and reporting.

5. Rebalance with discipline

Review at least annually or when the allocation moves materially outside its target band. Rebalancing should restore portfolio balance, not express a short-term currency view.

Three simple portfolio structures

Structure	Illustrative mix within the global allocation	Who it may suit
Simple core	100% broad US or global-market core	The first-time global investor seeking simplicity and low maintenance
Core plus distinct satellite	About 80% broad core and 20% clearly differentiated thematic or sector exposure	An investor seeking one deliberate tilt without building a collection of overlapping funds
Core plus active global leaders	A broad core complemented by a research-led portfolio of selected businesses	A larger investor who values non-US exposure, valuation discipline and active portfolio construction

Illustrative structures only. The underlying choices and weights should reflect the investor's circumstances and the overlap between holdings.

A useful overlap test

Before adding any fund, list its ten largest holdings beside the ten largest holdings already owned. If the names repeat, ask whether the additional product is adding a new source of return or merely increasing an existing bet.

SECTION 13

Mistakes worth avoiding

Most global-investing errors are not caused by choosing the wrong country. They are caused by a poorly defined role, overlapping products or an unsuitable route.

Chasing recent US performance

Recent returns have been far above the S&P 500's longer-term average. A strategic allocation should survive a period when India leads.

Assuming the S&P 500 is the entire world

It is a strong US large-cap core, but it excludes important companies and regions.

Stacking the S&P 500, Nasdaq-100, technology and semiconductor funds

This can create a much larger technology exposure than the investor recognises.

Buying a theme without considering valuation

Structural growth does not guarantee attractive shareholder returns at every price.

Ignoring fund domicile and estate exposure

Two investments with the same benchmark can have very different tax and succession consequences.

Treating currency as a one-way bet

The dollar can weaken. Currency diversification is the objective, not speculation on annual exchange-rate movement.

Failing to rebalance

Strong performance can turn a modest global allocation into an unintended dominant position.

Using too many products

Complexity makes overlap, costs, tax reporting and disciplined review harder.

SECTION 14

The portfolio-completion mindset

Global investing works best when it is designed to make an India-focused portfolio more complete, not to replace the India opportunity.

India offers a compelling long-term growth story and should remain the foundation for most resident Indian investors. Global equity adds something different: ownership in exceptional businesses across the world, access to industries not represented domestically, diversification across currencies and participation in economic drivers that do not depend entirely on India.

The S&P 500 can be an excellent starting point. The Nasdaq-100 can be a deliberate growth tilt. Semiconductor exposure can complement a broad core. Active global investing can add non-US leaders and valuation discipline. None of these choices is universally correct in isolation.

The better sequence is simple:

1. Understand what the global allocation is expected to contribute.
2. Set a strategic weight within the total portfolio.
3. Choose investments that provide distinct exposures rather than repeated holdings.
4. Use the most appropriate structure after considering taxation, TCS, estate duty and reporting.
5. Rebalance patiently and evaluate the allocation over a full market cycle.

> **The final perspective**
> Global investing is not a prediction that another country will outperform India. It is a decision to own more of the world's wealth-creating capacity while reducing dependence on a single market and currency.

India can remain the foundation. Global equity can make the portfolio more resilient, more opportunity-rich and better prepared for a changing world.

Key takeaways

The main points from this guide, gathered in one place.

Why global equity matters

- India remains the foundation of a resident Indian investor's wealth. Global equity is meant to complete that portfolio, not replace it.
- The strongest case for global investing rests on four things: world-leading businesses, industries not well represented in India, currency diversification, and different growth drivers.
- A country's GDP growth is not the same as its stock market's return. Earnings, margins and profit-pool dominance matter more than the pace of economic growth.

What history does and does not tell us

- Both the S&P 500 and the Nifty 500 have compounded wealth over long periods. Global investing does not need a bet that India will underperform.
- Recent US returns have been well above the longer-term average and should not be extrapolated into future expectations.
- The S&P 500 is a strong, liquid US large-cap core, but it is concentrated, with Information Technology at about 38% of the index and the top ten holdings at about 38%, and it excludes major global leaders listed elsewhere.
- Adding the Nasdaq-100 or thematic technology funds on top of the S&P 500 often increases exposure to companies already owned rather than adding real diversification.

Building the allocation

- There is no universal percentage. Many investors begin with 10% to 15% of investable assets, with larger or more India-concentrated portfolios considering 15% to 30%.
- Diversification benefits are strongest in the first few layers. Total-portfolio risk matters more than diversifying any one sleeve endlessly.
- A sound process moves from defining the allocation's job, to setting a strategic range, choosing the investment engine, selecting the route, and rebalancing with discipline.

Costs, tax and routes

- Resident Indians can remit up to USD 250,000 a year under the LRS. Investment remittances above ₹10 lakh generally attract 20% TCS, which is normally creditable or refundable but can create a cash-flow drag.
- Long-term capital gains on foreign shares, generally after 24 months, are currently taxed at 12.5% without indexation for resident Indians. US dividends generally face about 25% withholding under the tax treaty.
- US-situs assets above USD 60,000 can trigger US estate-tax filing requirements. Fund domicile, for example a US-domiciled ETF versus an Ireland-domiciled UCITS ETF, can change this exposure.
- Foreign assets and income generally need to be reported through Schedule FA, FSI and TR in the Indian tax return.
- GIFT City and GIFT IFSC improve access to global markets but do not remove LRS, TCS, taxation or estate-duty considerations.

Mistakes worth avoiding

- Chasing recent US performance, assuming the S&P 500 is the entire world, stacking overlapping US and technology funds, buying a theme without regard to valuation, ignoring fund domicile and estate exposure, treating currency as a one-way bet, failing to rebalance, and using too many products.

Global investing is not a prediction that another country will outperform India. It is a decision to own more of the world’s wealth-creating capacity while reducing dependence on a single market and currency.

Frequently asked questions

Common questions from resident Indian investors, answered in the spirit of this guide.

Does investing globally mean turning away from India?

No. This guide treats global equity as a way to complete an India-based portfolio, not replace it. Most resident Indian investors continue to earn, spend and hold most of their assets in India; global equity adds businesses, industries and currency exposure that a purely domestic portfolio may not have.

How much should I allocate to global equity?

There is no universal number. Many investors begin with 10% to 15% of investable assets, while larger or more India-concentrated portfolios may reasonably consider 15% to 30%. The right figure depends on portfolio size, horizon, risk capacity, existing overseas exposure and future foreign-currency needs.

Is owning the S&P 500 enough for global diversification?

The S&P 500 is a strong, low-cost US large-cap core, but it is concentrated in a handful of mega-cap technology names and does not include leading companies listed outside the US, such as TSMC, ASML, SAP, Novo Nordisk or Hermès. It is a good starting point, not the entire global opportunity set.

If I already own the S&P 500, does adding the Nasdaq-100 or a technology fund diversify me further?

Not necessarily. The Nasdaq-100's largest holdings are often already among the largest holdings in the S&P 500, so stacking the two mainly increases the weight of companies already owned rather than adding new sources of return.

What is the Liberalised Remittance Scheme (LRS)?

The LRS allows a resident individual to remit up to USD 250,000 per financial year for permitted current and capital-account purposes, including investing abroad. This limit is shared across all eligible remittances in the year, not only investments.

What is TCS and how does it affect global investing?

Tax Collected at Source applies to LRS remittances. For investment and other non-education or non-medical purposes, it is generally 20% on the amount remitted above ₹10 lakh in a financial year. It is normally creditable or refundable against the investor's tax liability, but it can create a temporary cash-flow drag.

How are capital gains on foreign shares taxed for a resident Indian?

Gains are computed and taxed in India. Foreign shares are generally treated as long-term after 24 months, and long-term gains are currently taxed at 12.5% without indexation, subject to prevailing law. Because the gain is computed in rupees, currency movement also affects the taxable amount.

Are dividends from US companies taxed?

Yes. Portfolio dividends from US companies are generally subject to about 25% US withholding under the India-US tax treaty, and the dividend is also taxable in India, with a foreign tax credit potentially available for the tax withheld in the US.

Does US estate tax apply to Indian investors?

It can. US shares and US-domiciled ETFs may be treated as US-situs assets, and a filing requirement can arise once such assets exceed USD 60,000 at death, with federal estate-tax rates graduated up to 40%. This does not mean a flat 40% tax on the whole portfolio, but the exposure is worth understanding for larger holdings.

What do I need to report in my tax return for foreign investments?

Residents holding direct foreign assets or earning foreign income may need to disclose them in the relevant schedules of the income tax return, including Schedule FA, FSI and TR as applicable. Non-disclosure can carry serious consequences, so careful record-keeping matters.

What is GIFT City or GIFT IFSC, and does it help me avoid LRS or TCS?

GIFT IFSC is a regulated Indian gateway that lets fund managers and platforms offer foreign-currency products onshore. It expands access, but resident Indian participation still generally uses the LRS route, so LRS limits, TCS, taxation and estate-duty considerations still apply.

Should I invest directly in foreign stocks, or through an Indian international fund?

Each route has trade-offs. An Indian-domiciled international fund is operationally simple and avoids a personal LRS remittance, but is limited by scheme availability and overseas investment caps. Direct foreign stocks give the widest choice and control, but bring US estate-tax exposure, TCS cash-flow effects, dividend withholding and foreign-asset reporting.

Does the country where a fund is domiciled matter?

Yes. A US-domiciled ETF and an Ireland-domiciled UCITS ETF can track the same index but differ in estate-tax exposure, dividend withholding at the fund level and available share classes, so domicile should be considered alongside the underlying holdings.

Should I choose passive index funds or active global funds?

The choice depends on what role the allocation should play. A broad passive core is simple, transparent and low-cost. Active management can add value when it is genuinely different from the benchmark, for example by owning non-US leaders or applying valuation discipline. For many investors, a broad core combined with a small number of clearly differentiated holdings works better than choosing one approach exclusively.

How often should I rebalance my global allocation?

The guide suggests reviewing the allocation at least annually, or when it moves materially outside its target range, and rebalancing to restore that target rather than to express a short-term view on markets or currency.

What are the most common mistakes to avoid?

Chasing recent US performance, assuming the S&P 500 represents the entire world, stacking overlapping US and technology funds, buying a theme without regard to valuation, ignoring fund domicile and estate exposure, treating currency as a one-way bet, failing to rebalance, and using too many overlapping products.

Where should I start if this is my first time investing globally?

Begin by deciding what role global equity should play in your total portfolio, not with a specific fund or platform. Once that is clear, set a strategic allocation range, then choose a route after considering taxation, TCS, estate duty and reporting. A qualified adviser and, where relevant, a tax professional can help apply this to individual circumstances.

Is this guide personalised investment advice?

No. This guide is for education and general information only. It does not constitute personalised investment, legal or tax advice, and readers should seek advice appropriate to their own circumstances before acting, as set out in the disclosures below.

Sources, notes and important disclosures

Market and regulatory information is stated as at July 2026 unless otherwise indicated. Figures are rounded. Tax treatment can differ by investor status, instrument and structure and may change after publication.

- **Reserve Bank of India:** Liberalised Remittance Scheme FAQs: resident individuals may remit up to USD 250,000 per financial year for permitted current and capital-account transactions.
- **Income Tax Department, Government of India:** Tax Collection at Source guidance: aggregate LRS remittances above ₹10 lakh; 20% TCS for investment and other non-education or medical purposes. Capital-gains guidance and Schedule FA/FSI/TR filing guidance.
- **Internal Revenue Service, United States:** Estate-tax guidance for non-residents who are not US citizens, including the USD 60,000 filing threshold for US-situated assets; India-US tax treaty materials for dividend withholding.
- **International Financial Services Centres Authority:** Global Access framework for IFSC, including participation by resident Indian investors through the LRS route.

- **S&P Dow Jones Indices:** S&P 500 composition, sector weights and index materials, data as of 30 June 2026.
- **NSE Indices:** Nifty 500 factsheet, sector weights, constituents and total-return statistics, data as of 30 June 2026.
- **NYU Stern, Aswath Damodaran:** Historical S&P 500 total-return series used for the 30-year compounding illustration.

Important disclosure

This guide is intended for education and general information. It does not constitute personalised investment, legal or tax advice, an offer to buy or sell any security, or a representation that any investment will achieve a particular return. International investments involve equity-market risk, currency risk, taxation, regulatory risk, liquidity risk and possible loss of capital. Investors should obtain advice appropriate to their circumstances before acting.