

## Mr. Raunak Onkar's interview in The Economic Times Wealth

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# How to choose the best international mutual fund

Go with funds that operate in countries with well developed markets and strong legal systems.

by Shivani Bazaz

**I**nternational funds have been in the limelight lately due to their impressive performance over the last few years. These schemes have a strong case since 90% of the investment opportunities in the world are outside India, said Raunak Onkar, Head of research and fund manager, PPFAS Mutual Fund, at the ET Wealth Investment Workshop in Kolkata recently. Onkar asked the participants to follow some basic steps to choose a suitable international fund.

"Even big Indian companies have large stakes in the international markets. So, if you are anyway exposed to international markets, why not in international funds," he asked.

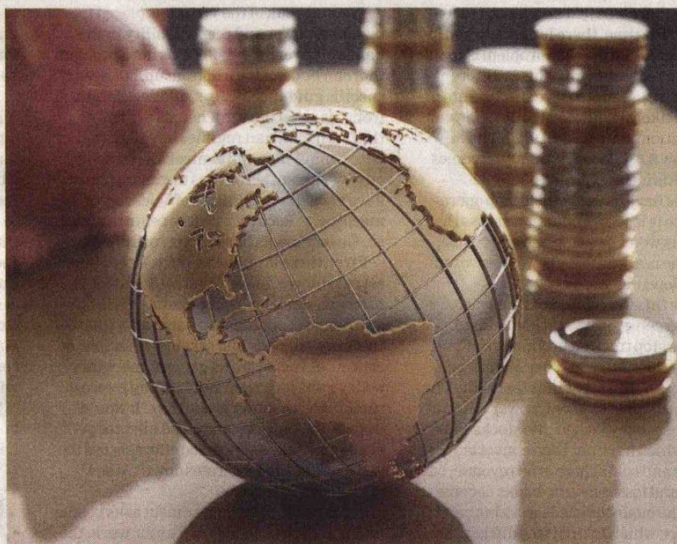
Many mutual fund advisers also suggest international funds to equity investors as international investing nullifies the country-specific risks such as demonetisation, budget, GST etc. But investors must make sure that the scheme gives their portfolio a meaningful diversification. "When you are investing in an international fund, make sure to invest in a market that is developed. The markets that have 70-80 years of functioning should be preferred," said Onkar.

Onkar stressed on the fact that retail investors shouldn't foray into stock investments in international markets or investing directly in international mutual funds.

"Reading fact sheets, understanding complex markets, currency issues and language barriers can hinder the investment process. It is better and easier to invest in

international funds- Indian mutual fund schemes that are focused on world markets," said Onkar. He also suggested four points to keep in mind while choosing an international scheme.

- Choose schemes that are focused on countries with well-developed stock markets. Countries that have a better and bigger market than India will witness less volatility.
- Go for funds focused on countries and markets with good corporate governance. Without good corporate governance, your scheme will be exposed to a lot of downgrade and default risks.
- Invest in countries with a good legal system: A good legal system prevents businesses from shutting down suddenly and protects your money from scammers.
- Fund should focus on strong businesses with long runways. Even if the scheme is investing in a big country like the US which checks all the above boxes, it is important for the scheme to focus on good, long-term businesses to generate good returns.



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