

PORTFOLIO MANAGER BUSTS FIVE MYTHS ABOUT INTERNATIONAL INVESTING

These common misconceptions lead many investors to overlook international markets, but embracing global diversification can enhance portfolio resilience and unlock long-term growth.

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Even in an increasingly globalized economy, many investors still shy away from international markets, opting instead for the familiarity of U.S.-based companies.

This “home country bias” is especially pronounced after years of strong U.S. market performance.

But beneath the comfort of domestic investing lies a missed opportunity.

International markets represent a vast, dynamic universe filled with potential, yet outdated beliefs continue to prevent investors from fully embracing global diversification.

Here are five of the most common myths about international investing — and why it’s time to reconsider them.

MYTH NO. 1: U.S. MULTATIONALS PROVIDE ENOUGH GLOBAL EXPOSURE

It’s a common belief: Why invest abroad when U.S. multinationals already generate revenue around the world? While it’s true that large U.S. companies operate globally, relying on them for international exposure misses the bigger picture.

International markets account for the majority of the world’s publicly traded companies, spanning not just large economies but also smaller and faster-growing regions.

Focusing only on U.S. multinationals limits your portfolio’s access to innovative businesses and emerging trends in non-U.S. markets.

Moreover, multinationals’ revenue tends to be concentrated in a few key regions — typically, developed economies such as the EU or China.

Because these companies are traded on U.S. exchanges and priced in dollars, their stock prices often move with U.S. investor sentiment, regardless of where they earn

their revenue. That limits the diversification benefits many investors seek.

Crucially, international markets also offer access to sectors and countries underrepresented in the U.S.

For example, international indexes have larger weights in financials, pharmaceuticals and mining, while U.S. indexes have grown more concentrated, with large exposures to information technology.

MYTH NO. 2: GEOPOLITICAL RISK MAKES INTERNATIONAL INVESTING TOO DANGEROUS

Global headlines — wars, sanctions, trade disputes — can understandably spook investors. But geopolitical risk isn’t unique to non-U.S. markets.

Domestic policy shifts, tariffs and regulatory upheavals here in the U.S. can have just as much market impact, as we’ve seen in recent months.

The reality is that risk exists everywhere. The key is not to avoid it, but to manage it strategically.

International markets are diverse, spanning stable economies such as Japan and Germany as well as developing countries such as India and Brazil.

A thoughtful, active investment strategy can help identify the right opportunities while managing risk in areas where uncertainty can be high.

By actively monitoring geopolitical developments and allocating capital with care, investors can build globally diversified and resilient portfolios capable of weathering storms, no matter where they emerge.

MYTH NO. 3: OVERSEAS MARKETS LACK FINANCIAL TRANSPARENCY AND SHAREHOLDER PROTECTIONS

While it's true that standards vary globally, many markets offer legal frameworks and reporting requirements that rival or even match those in the U.S.

Countries such as the U.K., Australia and others with shared legal heritage provide a robust foundation for investor protection.

That said, not all markets are equal. There are areas where a lack of sound corporate governance, poor capital allocation and government involvement remain a concern. This highlights the importance of selectivity.

Active management plays a crucial role here. Instead of relying on passive benchmarks that might include opaque companies, active investors can conduct deep analysis to identify firms with sound governance, strong disclosure practices and transparent operations.

With this approach, international investing becomes less about accepting risk and more about managing it intelligently.

MYTH NO. 4: CURRENCY FLUCTUATIONS DRIVE RETURNS MORE THAN THE UNDERLYING BUSINESSES

Currency movements can impact short-term returns, but they aren't the main reason to invest abroad — or to avoid doing so. In the long run, it's the strength of the companies themselves that drives performance.

While currencies can rise and fall, these effects often balance out across regions and over time. What matters most are the fundamentals: companies with competitive advantages, sound business models and growth potential.

Sometimes currency fluctuations can even create opportunity, as when a currency is devalued, and you can buy a good business at an attractive price, creating the potential for strong returns in the long term.

Some investors look to hedge currency risk, but hedging can be expensive and imprecise. It can also dilute some diversification benefits that come from international investing.

The bottom line? Stay focused on long-term business performance, not short-term currency swings. A well-diversified international portfolio is about accessing great companies, not timing exchange rates. You determine how to protect the people in your life you care about most.

MYTH NO. 5: INTERNATIONAL STOCKS ARE TOO ILLIQUID AND THEREFORE RISKY

Concerns about liquidity are valid — some international stocks are less actively traded than their U.S. counterparts. But this is far from a dealbreaker and can create opportunity.

The global market includes thousands of companies, many of which are large, well-capitalized and trade actively in their home markets. The key is knowing where to look.

This is where active management makes a difference. Investors can either avoid or use it to their advantage by focusing on businesses with strong fundamentals and sufficient trading volume where many other investors aren't looking.

The key to finding these opportunities is to be nimble and open-minded to where opportunities might arise while also being disciplined in the types of companies you seek.

Long-term investors typically aren't moving in and out of positions frequently; liquidity matters most to short-term traders. For those with a patient, strategic mindset, occasional illiquidity is a manageable consideration, not a red flag.

THE BIGGER PICTURE: STRATEGIC GLOBAL EXPOSURE

At the heart of all these myths is a common theme — oversimplification. International investing isn't inherently riskier or more complex — it just requires a thoughtful, disciplined approach.

The global equity landscape offers significant opportunities for those willing to look beyond borders.

From gaining access to diverse sectors and markets to managing geopolitical and currency risks through bottom-up stock selection, international investing can enhance portfolio resilience and unlock long-term growth.

The takeaway? Don't let myths and outdated assumptions limit your view. A world of opportunity exists beyond the U.S. — and it's one that savvy investors would be wise not to ignore.

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