

Investing in the US simplified

Here's what you need to know about the latest equity-fund offering from Motilal Oswal: NASDAQ 100 FoF

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What companies come to your mind when you think about smartphones, computers, or simply internet? Well, chances are that a majority of you will come up with names like Apple, Microsoft and Google. These modern-day behemoths seem to be omnipresent, and with hardly any serious challengers, their dominance is unlikely to wither away anytime soon. Then why not ride along as investors and profit from their growth?

While there are many international equity funds in India, there's one that provides exposure to these tech giants and some other distinguished international companies in a simple and cost-effective manner. That's Motilal Oswal NASDAQ 100 FoF.

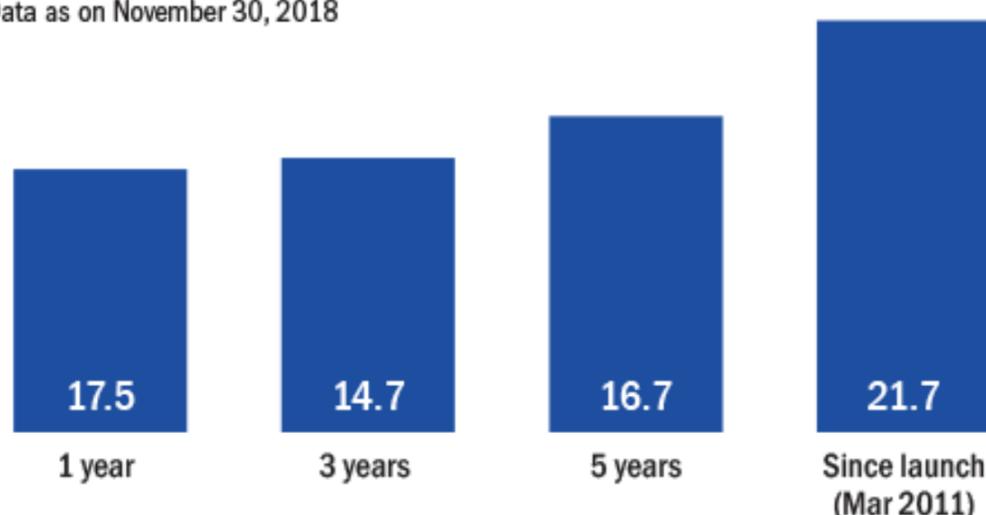
The fund has existed in the ETF avatar since 2011 and has performed well (see the first chart). Despite this, its size has remained a measly Rs 89 crore. That's because international equity investing hasn't really caught the fancy of Indian investors yet. Also, the ETF has shown low trading activity and has traded at a premium to its NAV (the second chart). One also requires a trading and a demat account to buy and hold its units.

To address these limitations, the fund house has now launched the fund-of-fund variant, which pools in the money from investors and in turn invests it in the ETF. The FoF structure does away with the need for trading and demat accounts, and you can invest directly with the fund house with a ticket size of as low as Rs 500.

If you wish to diversify away from India, you can go for this FoF. The rupee has depreciated by about 5 per cent annually against the US dollar over the last 10 years. So, you will also gain if the rupee depreciates further. But remember that international-equity funds get a tax treatment meant for debt funds, not equity funds.

NASDAQ 100 ETF returns (%)

Data as on November 30, 2018

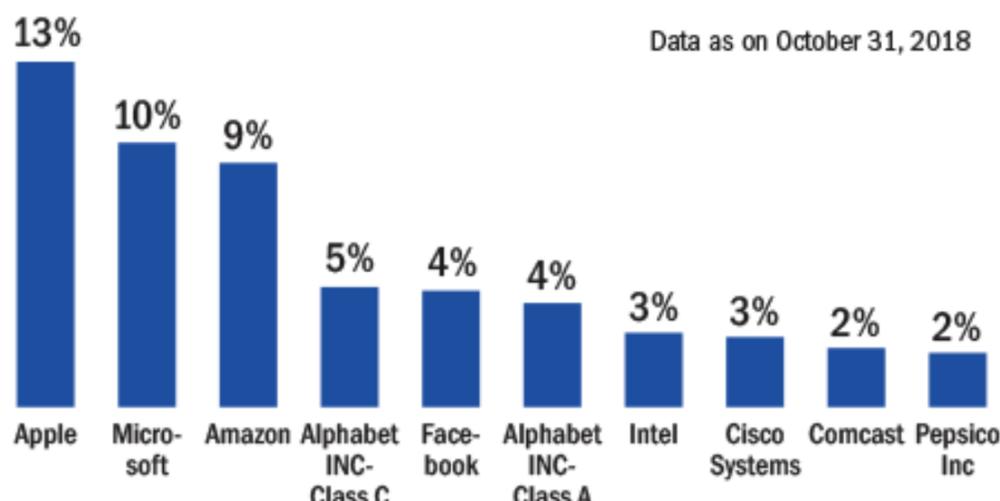


NASDAQ 100 ETF: NAV vs trading price



Top 10 constituents of NASDAQ 100

Data as on October 31, 2018



NASDAQ 100 has outperformed other global indices

Time period	Dow	CAC 40	DAX	FTSE 100	Hang Seng	S&P 500	S&P Global 100	MSCI World	NASDAQ 100
1 year	5.2	-6.9	-13.6	-4.7	-9.2	4.3	0.2	-1.7	9.2
3 years	12.6	0.6	0.0	3.0	5.8	9.5	7.0	6.1	13.8
5 years	9.7	3.1	3.7	1.0	2.1	8.9	4.1	4.6	14.8
7 years	11.4	6.8	9.2	3.3	4.8	12.1	7.1	8.0	17.1

The figures represent returns in %. Data as on November 30, 2018. Returns calculated on the basis of data from Thomson Reuters.

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