

Over 30 years, India nearly matched the US. Japan returned under 2% a year

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Maxim: *Look beyond your home market.* — Peter Lynch, in substance

Nobody in 1996 knew which of the world's big stock markets would reward its investors and which would disappoint them for a generation. That uncertainty is the whole case for owning more than one.

Your country's stock market is one bet among many, not the only game in town.

Imagine three investors in March 1996, each loyal to the market at home: one in Mumbai, one in New York, one in Tokyo. Thirty years later, measured in dollars, the Indian investor holding the Nifty 500 had compounded at about 8.26% a year and the American holding the S&P 500 at about 8.33%. The Japanese investor in the Nikkei 225 had managed about 1.75% a year, according to figures from the NSE's draft prospectus and Redseer Research reported by [Cafemutual](#). Investors in Hong Kong's Hang Seng and London's FTSE 100 fared little better, at under 3% a year.

In 1996, none of that was obvious. Japan had the world's second-largest economy and a stock market that had dominated the previous generation. India was a small, volatile market only a few years into liberalisation. A Japanese investor who stayed at home did nothing reckless. She simply bet her whole financial life on one country, and that country disappointed her for three decades.

Indian investors who stayed at home over that period happened to be on the right side of the draw. That is worth celebrating, and worth remembering was not guaranteed.

Leadership changes hands

Peter Lynch made the point in *Beating the Street* in 1993, at a time when Americans assumed their market was the best in the world. Among the major stock markets, he noted, the US had ranked only eighth in total return over the previous decade, and he suggested putting some portion of one's assets in an overseas fund with a good record, as his [golden rules](#) are commonly summarised.

The decades since have proved how unstable the rankings are. From 2000 to 2009, the S&P 500 returned about -0.95% a year, a "lost decade" in which many markets outside the US did better, [Dimensional](#) noted. Then the order flipped: in the rebound after the financial crisis the S&P 500 more than tripled, and many of the previous decade's winners lagged.

For Indian investors, the recent decades have favoured looking abroad. Over the 20 years to June 2026, the Nifty 50 total return index compounded at about 12.1% a year, while the S&P 500, measured in rupees, compounded at about 15.5%, according to a FundsIndia study reported by [Business Today](#). Part of that gap came from the rupee's gradual weakening against the dollar, which adds to returns on foreign assets for an investor who spends in rupees.

None of this proves that any one market will lead next. It shows that the leader keeps changing, often when the previous leader looked most secure.

Why a little abroad helps an Indian portfolio

The strongest case for overseas exposure is not that another market will beat India. It is that your other risks are already concentrated at home. Your salary, your house, your provident fund and probably your business all depend on the Indian economy and are priced in rupees. A slice of savings in other economies and currencies is insurance against the one scenario that would hit all of them at once.

It also brings in businesses that India's market barely offers. Many of the world's largest technology, healthcare and consumer companies are listed elsewhere, and some future goals, such as a child's education abroad or foreign travel in retirement, will be paid for in dollars, pounds or euros.

The practical routes are well known: international mutual funds and fund-of-funds, overseas index funds and ETFs, or direct investment through the Liberalised Remittance Scheme. Each has its own limits, costs and tax treatment, which differ from those of Indian equity funds and change from time to time, so check them before you invest.

Going abroad has its own risks, and they deserve the same honesty. Foreign markets fall too, sometimes at the same moment as India's. The rupee does not weaken every year, and a stronger rupee would cut the value of overseas holdings. Costs can be higher, and you will know less about foreign companies than about the ones you see every day. The point of an overseas slice is not to chase better returns. It is to stop your entire future depending on one economy, one currency and one market's mood.

The usual mistakes are at the extremes. Some investors own nothing outside India. Others discover foreign markets after a spectacular run and pour money in at the top. A steady allocation, kept through good and bad years, avoids both.

If you do one thing: Work out what share of your long-term equity savings sits outside India. If it is zero, consider building a modest, fixed allocation through a low-cost international fund, add to it steadily rather than all at once, and rebalance it once a year.

The Tokyo investor of 1996 was not foolish. She was simply certain about something no one could know: that her home market would reward her. Indian investors have been rewarded at home over the same period, and may be again. But the lesson of those thirty years is humility about which market wins, not confidence that ours always will.

Home is where most of your money should probably stay. It does not have to be the only place.

Sources

- [Cafemutual: India's Nifty 500 nearly matches S&P 500 over 30 years in dollar returns \(22 June 2026\)](#)
- [Moomoo: Peter Lynch's 25 golden rules](#)
- [Dimensional: A tale of two decades \(3 February 2020\)](#)
- [Business Today: Nifty created wealth, but Wall Street created more \(11 June 2026\)](#)

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