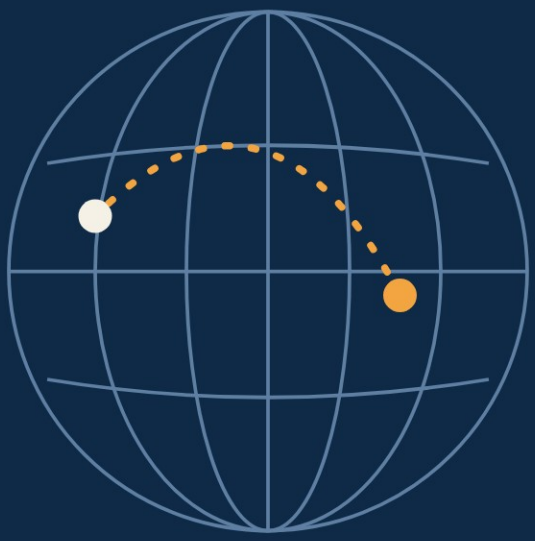
A PRACTICAL GUIDE FOR INDIAN INVESTORS

YOUR FIRST GLOBAL INVESTMENT



A Practical Guide for Indian Investors
in US Stocks, ETFs and Global Markets

Using the CLEAR Method — Five Questions Before You Invest

SIDDHARTH DHANANIA

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Chapters 5·25 and Appendices A·D are included in the full edition at

firstglobalinvestment.in

Author's Note

This book grew out of a simple observation. Many Indian investors are comfortable buying shares and mutual funds at home, yet international investing still feels out of reach — wrapped in remittance rules, foreign tax, currency risk and unfamiliar platforms.

My MBA in Finance from IMT Ghaziabad gave me a grounding in valuation and financial analysis, and I have spent years studying how markets work beyond India. I wrote this book to bring that understanding to readers who want to invest abroad but don't know where to start.

It is a practical guide: how to decide whether overseas investing belongs in your plan, which route to use, what it really costs, how it is taxed and what you must report. My aim is simple — to strip away the jargon and give you the clarity and confidence to make your first global investment.

Introduction — This Is Not a Stock-Tip Book

If you have invested in India, you may already understand the basics: a share represents ownership in a company, an exchange brings buyers and sellers together, and the price of a stock can rise or fall. You may have a mutual fund, a few direct shares or a monthly investment plan. At some point, you may have wondered whether you can invest in companies listed outside India.

The answer, for many resident individuals, is yes—but the practical answer has conditions. You need to understand the route you are using, the foreign-exchange rules, the intermediary and custodian arrangements, the costs, the tax consequences and the reporting obligations. You also need to decide whether an overseas investment belongs in your financial plan at all.

This book is designed to help you make that decision. It focuses on the United States because US-listed companies and exchange-traded funds are familiar to many Indian investors and are accessible through several routes. It also introduces other international markets. It does not claim that the US is always the best market, that foreign stocks will outperform Indian stocks or that every reader should invest abroad.

The book has two kinds of reader in mind. If you are a beginner, read it in order. If you already invest in Indian shares or mutual funds, you can move more quickly through the early explanations, but do not skip the chapters on currency, regulation, taxation and custody. Those are where international investing differs materially from buying a domestic share. If you live abroad, or are returning to India after years away, Part VII explains what changes for you.

The central idea is simple: do not buy what you do not understand. First understand the investment. Then understand the route. Then understand the responsibilities that come with owning it.

About this edition

This edition is prepared for readers in India and uses a research cut-off of 1 November 2026. It concentrates on listed shares and exchange-traded funds, particularly US-listed products. It is not a guide to overseas property, crypto-assets, leveraged trading, private equity or setting up an overseas company. Those activities have different rules and risks. Part VII explains what changes for Indians who live abroad and for those returning home.

India's Income-tax Act, 2025 and Income-tax Rules, 2026 came into force on 1 April 2026, and TCS on LRS remittances moved to section 394 of the new Act from that date. The RBI's Liberalised Remittance Scheme Master Direction used for this edition is marked updated as on 6 September 2024; its Master Direction on Overseas Investment is dated 24 July 2024 and marked updated as on 1 April 2026.

Where this book gives a rate, a threshold or a date, it is the position at the research cut-off. Rules change, so the book flags the handful of figures most likely to move — TCS, capital-gains rates, return schedules and platform terms — and lists the official sources to check in Appendix D.

A single, important note. All examples use hypothetical figures. They explain mechanics; they do not forecast returns or recommend securities. The regulatory and tax discussion is an educational overview, not individual legal, tax or investment advice. Before remitting money or filing a return, confirm the rules then in force with your authorised dealer bank and, where your situation is not simple, a qualified professional. The book will not repeat this warning on every page; it applies throughout.

A note on language: this book uses 'international investing' and 'overseas investing' to describe exposure to securities outside India. 'US-listed' describes where a security trades; it does not necessarily describe the fund's domicile, the issuer's country or the currency risk of every underlying asset. Those distinctions matter and are explained in the chapters that follow.

The CLEAR Method — Five Questions Before You Invest

This book uses one decision method throughout: CLEAR. It is not a formula that predicts returns. It is a sequence that prevents a promising ticker, a persuasive advertisement or a convenient app from making the decision for you. Work through the five questions in order. If a material answer is missing, pause rather than treating uncertainty as permission to proceed.

C — CONTEXT: Does this investment belong in your financial life?

Start with the purpose, time horizon and money involved. Check your emergency reserve, expensive debt, near-term commitments and existing portfolio. Separate risk capacity (what your finances can absorb), risk tolerance (what you can emotionally withstand) and risk required (what your goals may actually demand). If the money is needed soon, an equity investment may be unsuitable even if the company is excellent.

L — LEGAL INSTRUMENT: What do you legally own, and where?

Identify the exact security, issuer, share class, fund domicile, listing venue, execution entity and custodian. A US listing does not prove US domicile. A fractional-share screen does not prove that a fraction is registered in your name. Read the prospectus, customer agreement and custody terms. If you cannot explain the legal chain in plain language, do not buy yet.

E — ECONOMICS: What does it cost, and what could make it lose value?

Calculate the full rupee-to-rupee journey: conversion spread, remittance and intermediary charges, brokerage, bid–ask spread, fund expenses, custody, withdrawal costs and relevant taxes. Then examine valuation, business risks, currency exposure and concentration. A low commission is not the same as a low total cost.

A — ALLOCATION: What job does it do in the whole portfolio?

Look through existing funds and shares. Ask whether the proposed investment adds a genuinely different exposure or simply increases a position you already own indirectly. Set a target allocation and a maximum position size before buying. Compare direct shares, diversified funds, Indian products with overseas exposure and the option of not investing.

R — RESPONSIBILITIES: Can you manage what comes after the purchase?

Understand remittance permissions, tax withholding, Indian tax treatment, foreign-asset disclosure, records, repatriation and succession. Decide how you will review the investment and what evidence would change your mind. Ownership creates ongoing responsibilities; the work does not end when the order is filled.

A CLEAR decision can end in three ways: invest, research further or do not invest. All three can be intelligent outcomes. The purpose of the method is not to make every reader an overseas investor; it is to make every decision more defensible.

Where the book answers each question

Every chapter opens with a CLEAR tag showing which question it helps you answer. The map below shows where to look. When you are ready to decide, the CLEAR Decision Record at the end of the book brings all five questions onto one page.

Question	What you are deciding	Where it is covered
C — Context	Whether overseas investing belongs in your finances at all	Chapters 1–3; Case Studies
L — Legal instrument	What you own, where it is domiciled and who holds it	Chapters 5–6; Chapters 13–16; Interlude
E — Economics	The full rupee-to-rupee cost and what could cause a loss	Chapter 4; Chapters 9–10; Chapters 17–18; Practical Investor Lab 1–2
A — Allocation	The job the investment does and how much of it to own	Chapters 7–8; Chapters 11–12; Practical Investor Lab 3, 7
R — Responsibilities	Tax, disclosure, records, repatriation and succession	Chapters 19–22; for NRIs, Chapters 23–25

PART I — BEFORE YOU INVEST ABROAD

1. The World Is Bigger Than the Indian Stock Market

CLEAR · C — Context

India offers investors access to businesses across banking, technology, consumer goods, energy, healthcare, manufacturing and many other sectors. A portfolio concentrated in India can be entirely reasonable. But it gives you exposure primarily to Indian-listed securities and the economic, regulatory and market forces that influence them.

To see how large the rest of the world is, look at a global index. In MSCI's ACWI Investable Market Index, which covers large, mid and small companies across developed and emerging markets, India's weight was about 1.5% and the United States' about 62.7% at 30 June 2026. Those numbers do not tell you how much to invest abroad. They do show that an investor who owns only Indian shares is leaving out most of the world's listed companies. That can be a reasonable choice, but it should be a deliberate one.

International investing allows you to consider companies and funds listed in other countries. You might gain exposure to a global healthcare company, a Japanese manufacturer, a European consumer brand or a US-listed exchange-traded fund. This does not make the investment automatically safer or more profitable. It simply expands the opportunity set.

Think of a portfolio as a collection of exposures. You may own several Indian funds, but if they all hold many of the same large companies, you may be less diversified than the number of funds suggests. Similarly, buying five US technology companies does not necessarily create a globally diversified portfolio. The country, sector, business model and currency exposures matter more than the number of line items.

A useful way to see this is to separate a company's place of listing from the place where it earns money. A company listed in the United States may sell products in India, Europe and Asia. An Indian company may earn a large share of its revenue overseas. A listing tells you where its shares trade; it does not describe the full geography of its business.

You should also distinguish between market diversification and business diversification. Owning shares listed in several countries can spread your exposure across markets, currencies and regulatory systems. But if every company you own depends on the same global consumer cycle, the same technology spending or the same commodity input, your underlying risks may still overlap.

Consider a hypothetical investor who owns three Indian equity funds, a large-cap index fund and five direct Indian shares. The account contains nine investment products. Yet the top holdings may repeat across the funds, and the direct shares may belong to the same two sectors. Adding a US technology ETF may increase the number of products without reducing concentration. The right question is not 'How many investments do I own?' It is 'What economic risks am I exposed to, and how much of each?'

Start with curiosity, not urgency. You do not need to own a foreign share simply because it is discussed frequently online. A well-built Indian portfolio can be better for you than an international portfolio you do not understand. International exposure is not a badge of sophistication: if you

cannot explain why a foreign asset improves your portfolio, the fact that it is foreign is not a reason to buy it.

2. Why Would an Indian Investor Buy Foreign Stocks?

CLEAR · C — Context

There are several legitimate reasons to consider international exposure. The first is access. Some businesses, industries and investment products are not readily available through Indian listed markets. A US-listed security may provide exposure to a company whose products are used around the world. An international fund may provide exposure to many businesses across countries.

The second reason is diversification. Different markets do not move in perfect synchrony. At times, one market or sector may perform differently from another. Holding assets with different drivers can reduce dependence on one economy or market segment. But correlations change, and global markets can fall together during crises. Diversification reduces concentration; it does not eliminate risk.

The third reason is currency diversification. If all your future spending and investments are tied to the rupee, foreign-currency assets may offer a different exposure. But currency movement cuts both ways. A stronger foreign currency can lift the rupee value of an overseas holding; a weaker one can reduce it.

A fourth reason may be personal. You may have future education, travel, family or other expenses in a foreign currency. Matching some investments to a future liability can be worth examining. This is not a reason to speculate on exchange rates; it is a planning consideration.

There are also poor reasons. Buying a stock because a celebrity investor owns it, because it doubled last year or because social media says the next big opportunity is overseas is not a strategy. Nor is investing abroad a reliable escape from volatility. A US stock can fall sharply, a foreign currency can weaken and a global recession can affect businesses across borders.

Past returns are a weak guide too. Analyses by FundsIndia reported by Business Today in May and June 2026 put the S&P 500's return over the previous 20 years, measured in rupees, at about 15.2% to 15.5% a year, against about 11.4% to 12.1% for the Nifty 50 Total Return Index, depending on the end date. Part of that gap came from the rupee's fall against the dollar (Chapter 4), and a different start date, end date or currency gives a different answer. A comparison like this describes one period; it does not tell you which market will do better next.

Think in terms of a portfolio job. Every investment should have a role: growth, income, liquidity, capital preservation, diversification or matching a future liability. A foreign share should have a job too. 'It is a good company' is not enough. A good business can still be the wrong holding if it duplicates risks you already have or is priced beyond what you are prepared to pay.

The strongest reason to invest internationally is usually a portfolio reason that can be explained without mentioning a recent winner. If your explanation begins with 'everyone is buying it', step back. Before investing, write the reason down in one sentence; if you cannot, pause.

3. Should You Invest Internationally at All?

CLEAR · C — Context

Not everyone should invest internationally now. Before opening an account, check the foundations of your financial life. Do you have a suitable emergency reserve? Are high-cost debts under control? Do you have appropriate health and life insurance for your circumstances? Are you investing money you can leave untouched for a sufficiently long period? If the answer to these questions is no, addressing them may be more important than buying a foreign stock.

Next, understand what you already own. Read the latest factsheets of your Indian mutual funds and ETFs — not just their names. A fund called 'global opportunities' may have a narrow mandate; a broad Indian fund may own companies with large international revenues. Some domestic products may already provide overseas exposure, subject to their structure and current investment limits. Look through your direct equity holdings too. Indian companies may earn substantial revenue overseas, so your economic exposure is not always limited to India. That is different from owning a foreign-listed security, but it is relevant when assessing concentration.

Three ideas are worth separating. Risk capacity is the financial ability to absorb a loss without damaging essential goals. Risk tolerance is the emotional willingness to endure volatility. Risk required is the amount of risk you may need to take to pursue a particular return goal. These can point in different directions. Someone may be comfortable with risk but have low capacity because they need the money soon. Someone may have high capacity but little desire to take risk. A platform quiz that reduces them to one score misses the difference.

A useful stress test is to imagine the overseas allocation falling 40% in rupee terms and remaining below its previous high for several years. Would you still be able to meet your goals? Would you sell because the money is needed, or because the fall feels unbearable? There is no virtue in claiming a high risk appetite if you would not tolerate the actual loss. If the answer is uncertain, reduce the allocation you are considering or postpone the decision.

A short suitability exercise can prevent an expensive mistake. Write down your next three financial goals and when you expect to need the money. Mark each goal as short, medium or long term. Money required within the next few years generally has little room to absorb a severe equity-market fall. A foreign equity investment is not a substitute for a bank deposit or a reliable emergency reserve.

There is no universally correct percentage for every Indian investor. An allocation that suits a person with a long horizon, stable income and high risk tolerance may be unsuitable for someone who needs the money soon. A small allocation can still be meaningful if it is deliberate. Borrowed money, and money needed for rent, education, medical costs or near-term commitments, has no place in this investment.

If the investment only makes sense when markets rise, it is not a plan. If you need the money soon, cannot afford a loss or do not want the compliance work, postponing the decision may be the most rational option. The right first investment may be no investment. If your foundations are in place, the rest of this book shows you how to take the next step with your eyes open.

4. The Rupee, the Dollar and Your Returns

CLEAR · E — Economics

When you buy a US share using rupees, you are taking two exposures: the price of the investment in US dollars and the exchange rate between the dollar and the rupee. Your rupee return depends on both.

Here is a simplified example. Suppose USD 1,000 is invested when the exchange rate is Rs 95 per dollar, so the starting rupee value is Rs 95,000. A year later the investment is worth USD 1,100 — a 10% gain in dollars.

- If the rupee has strengthened to Rs 91 per dollar, the ending rupee value is Rs 1,00,100. Your rupee return is about 5.4%.
- If the rupee has weakened to Rs 99 per dollar, the ending rupee value is Rs 1,08,900. Your rupee return is about 14.6%.

The underlying investment performance is identical; only the currency outcome differs. Currency movement can shrink a gain, amplify it, or — in a falling market — deepen or soften a loss.

Use a two-part return calculation. First calculate the change in the security's foreign-currency value. Then translate the beginning and ending values into rupees using the actual rates available to you, after allowing for fees and spreads. Do not simply add the percentage change in the share price to the percentage change in the exchange rate; the combined result is multiplicative.

The example is simplified. Actual results depend on the rate applied when you remit, the rate when you sell or convert, spreads, fees, taxes and timing. Your bank's customer rate will not be the reference rate you see in the news. Keep the debit advice and credit confirmation from every conversion; they are more useful for reconstructing your actual return than a historical exchange-rate chart. Practical Investor Lab 1 works through a full example including fees.

The rupee's long-run weakness against the dollar is real, but it has not been steady. On the RBI's annual-average figures, the dollar cost about Rs 44.94 in 2000, Rs 45.73 in 2010, Rs 74.10 in 2020 and Rs 87.17 in 2025.

Period	Rupee per dollar (annual average)	Approximate change per year
2000 to 2010	44.94 to 45.73	About 0.2% — almost flat for a decade
2010 to 2025	45.73 to 87.17	About 4.4%
2000 to 2025	44.94 to 87.17	About 2.7%

Currency can add a great deal to your return over some periods and almost nothing over others, including a full decade.

Do not treat rupee depreciation as a guaranteed investment return. Currency values move for many reasons: interest-rate differences, inflation, capital flows, trade balances, risk sentiment and policy decisions. Forecasting them consistently is difficult.

If you have a future expense in dollars, a dollar asset may help match that liability. If all your expenses are in rupees, a foreign asset introduces a currency exposure you must be willing to accept.

Always evaluate performance in the currency that matters for your financial goal. For an Indian resident whose future spending is mostly in rupees, that will often mean looking at the rupee value after costs and taxes—not just the percentage shown in a US brokerage app.

YOU'VE EXPLORED THE WHY. NOW LEARN THE HOW.

In the remaining parts of the book, you'll explore the different ways to invest overseas, understand the costs and regulations involved, and learn how to navigate the tax and compliance responsibilities that come with holding international investments.

CONTINUE WITH THE COMPLETE EDITION

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Found this sample useful? Share the free PDF with friends, family or colleagues who may be interested in exploring global investing.