Journal Article

International Diversification—Still Not Crazy after All These Years

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International diversification has hurt US-based investors for over 30 years, but the long-run case for it remains relevant. Both financial theory and common sense favor international diversification, which is buttressed by empirical evidence that is very supportive at longer horizons and for active strategies. Finally, it would be dangerous to extrapolate the post-1990 outperformance of US equities, as it mainly reflects rising relative valuations. If anything, the current richness of US equities may point to prospective underperformance.

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