Finnacl Research

R6 · EXECUTIVE SUMMARY

Everything I Own Is American (free edition)

The findings in brief — free edition

As of 2026-09-09

Every figure carries its source and its as-of date.

Everything I Own Is American

Executive summary · free edition · September 2026

Complete in itself. The finding is here, not held back to make you buy the report.

We'll start by killing our own headline

We set out to show that an American index fund already carries **more** foreign exposure than the international fund bought to diversify it.

It does not, and we are printing that first.

Measured on where revenue is actually earned, the American index's top ten earns **47.20%** abroad. The international index's top ten earns **74.48% to 74.85%**. The international fund's largest holdings earn **1.58 times as much foreign revenue**. The strong claim is dead.

What survived is the more useful finding

The home-bias argument is conducted in the wrong unit.

	American index, top ten	International index, top ten
On where the company is **listed**	0% foreign	**100% foreign**
On where the revenue is **earned**	**47.20%** foreign	**74.48–74.85%** foreign

> On listing, the two funds are 100 points apart. On revenue, 27.29. Changing the unit erases roughly 72% of the apparent difference.

And the reverse leg stands on its own. **A quarter of the international index's top-ten revenue is earned in the United States.** Three European pharmaceutical companies each earn a larger share of their revenue in America than Apple or Meta do:

	Revenue earned in the United States
Roche	**47.96%**
Novartis	**42.78%**
AstraZeneca	**40.81%**
Meta	37.21%
Apple	36.47%

An investor holding the European names *for geographic diversification* and the American names *as domestic exposure* has the relationship backwards on the measure that describes where the money comes from.

The decision nobody remembers making

Compare the same international index hedged and unhedged. Identical stock selection. The only difference is the currency hedge.

Period	Hedged advantage
1 year	**+7.63 points**
10 years	**+3.24 points a year**

Calendar years are louder: hedging won by 8.17, 9.85, 1.71 and 10.32 points from 2021 to 2024 — then **lost by 8.12 in 2025**. Mean absolute gap: **7.63 points a year on identical stocks.**

> **Across six matched hedged and unhedged pairs from one issuer: $592.56bn unhedged against $9.83bn hedged. Sixty to one. The hedged version holds 1.63% of the money.**

And the usual explanation for it is about a quarter right. Over ten years the hedged advantage of 2.748 points a year decomposes into **+2.058 points of hedge carry (74.9%)** and **+0.671 points from the dollar's actual movement (24.4%)**. Three quarters of it is an interest-rate differential, not a currency view — and it narrows when that differential narrows, whatever the dollar does.

What is inside "emerging markets"

Four semiconductor holdings — TSMC, Samsung, SK Hynix and Samsung preferred — are **28.71%** of the main emerging-market index. Add MediaTek, Delta and Hon Hai and it is **31.86%**, which is **84.9% of the entire top ten**. Information technology is **41.56%** of the index; Taiwan and Korea together are **48.28%**.

A client who owns an AI fund and adds an emerging-market fund for diversification has increased that exposure, not reduced it.

It moved fast. In twenty-two months the top ten went **26.14% → 37.53%**, technology **23.71% → 41.56%**, Taiwan and Korea **29.11% → 48.28%**.

And two funds with the same three words on the label are not the same fund

One index provider classifies **South Korea as developed**; another classifies it as **emerging**. So one major "emerging markets" index holds **no Korea at all**.

> **The two indexes, both called emerging markets, differed by 7.86 points in calendar 2025** — a gap created by a classification decision neither buyer made.

The trap we nearly fell into

Over the same twelve months the Federal Reserve's **broad** dollar index **fell 1.215%** while its **advanced foreign economies** index **rose 1.364%**. The basket relevant to a developed- international allocation lost ground to the dollar, led by the yen at −8.17% on a 23.4% weight.

Using the broad index to describe a developed-international allocation states the opposite of what happened. It is the single easiest error to make in this subject, and it is in print here because we came close to making it.

What we cannot tell you

- The revenue figures cover **top-ten blocks, not whole indexes**, and are labelled that way everywhere.
- **Two companies drive 37.94%** of the American foreign-revenue result. A narrow base.
- The hedging evidence is **six fund pairs from one issuer on one date**. No market-wide split was established and none is claimed.
- **Nobody knows who bought.** Exchange-traded funds took money while mutual funds lost $1.2 trillion in 2025. **No source identifies advisers as the buyers, so we do not say they were.**

Verification. 951 automated checks across two research passes, none failing. 33 planted mutations, all 33 caught — after four rounds in which the harnesses exposed real flaws in their own checkers. Eight errors were found and corrected inside the packs. Several issuers and one index provider blocked automated access; **nothing was bypassed**, and the data was rebuilt from the regulator's own portfolio filings, which proved the better source.

Disclosures. The author holds no position in any fund or security named here. No issuer payment, no advertising. Impersonal research, identical for every purchaser, tailored to no one. **No statement about what any reader should hold.** Finnacl Research is not an investment adviser.

The full report adds the eleven-fund snapshot series ordered by American weight, the concentration comparison, the adviser chapter, and the complete evidence appendix.