The 1-Minute Hedged-or-Not Checklist

$163,177

Modeled decade gap on a $300,000 sleeve, 2014-2024.

Run this on any international stock fund. Find the currency line your statement never prints.

The three checks

- [ ] **1. Measure the gap**
  Pull the fund's local-currency return and set it beside the USD figure on your statement. The spread is currency translation, not stock selection. Over 2014-2024, MSCI World ex USA returned 110.59% in local terms versus 64% in USD.

- [ ] **2. Identify hedged or not**
  Open the provider page and search the fund name and prospectus for the word hedged. A hedged share class says so plainly, like iShares Currency Hedged MSCI EAFE (ticker HEFA), and typically runs about 0.25 to 0.35 points higher in its expense ratio.

- [ ] **3. Decide on horizon**
  Hedge only if your horizon is under five years or the sleeve is bond-heavy. With a long horizon and an equity sleeve, the unhedged default usually wins, because the currency cycle has time to mean-revert.

Fund audited: ______________________________ Hedged? ☐ Y ☐ N

> **THE CALL**
>
> Horizon under 5 years or bond-heavy: a hedged class can earn its ~0.30 pt/yr premium. Otherwise, hold the unhedged default and let the currency cycle mean-revert.

Basis: dollar shocks explain about 20% of emerging-market equity swings (Obstfeld & Zhou 2023, NBER w31004). A hedged share class shrank the modeled decade gap to $20,366; it does not erase it.