

A satellite night view of Earth, showing the illuminated landmasses of Africa, Europe, and Asia. The Indian subcontinent is particularly prominent, with its cities glowing brightly against the dark background of the night sky. The text is overlaid on the left side of the image.

# Global Events and their Impact on India

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**INDIA AVENUE**

**MAY 2026**

5/20/2026

# Key Geopolitical Events

- AI / Gold / Commodity Thematics
- Trump Tariffs and Deglobalisation
- Currency Wars
- Middle East War



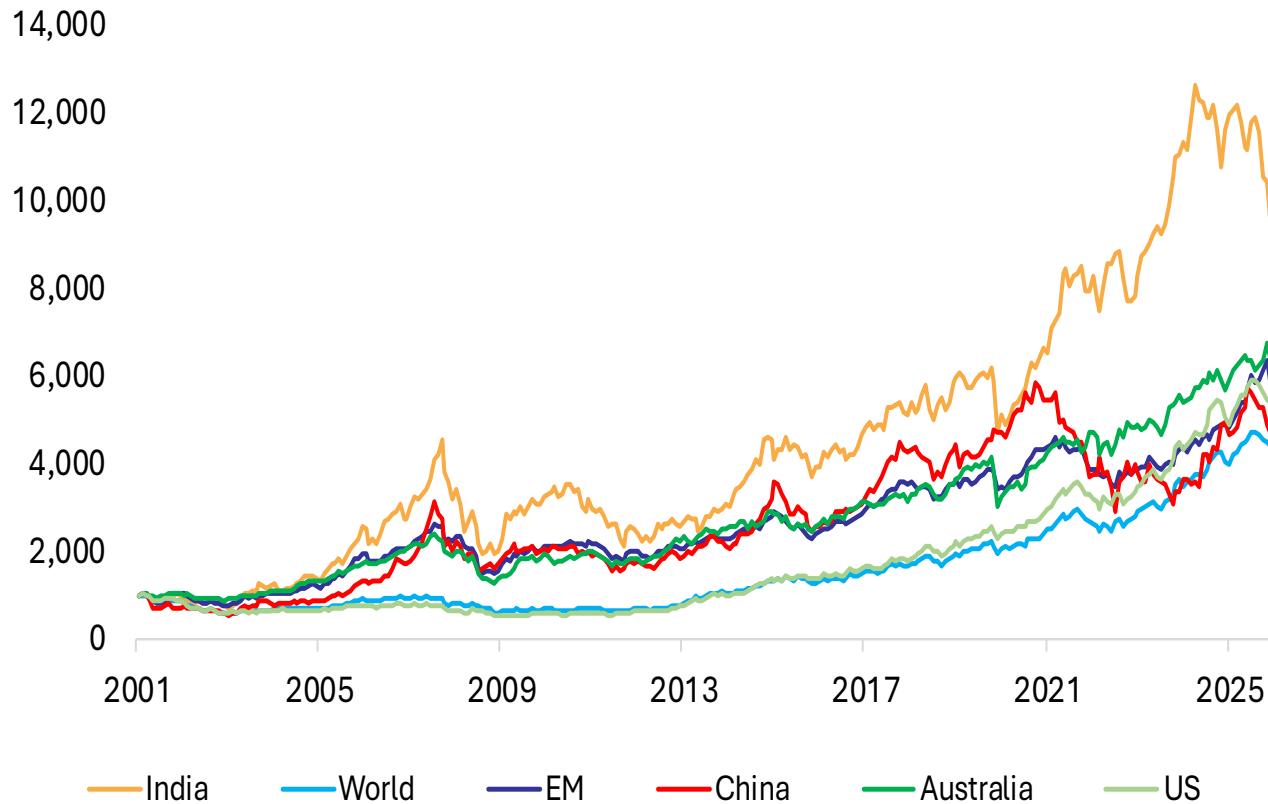
# India in the Eye of the Storm



- Since 2024, India has underperformed other equity markets, significantly (**Sept 2024**)
- Fall driven by valuations initially, slowing earnings growth (**2024-2025**)
- Fading interest from foreign investors as no presence in AI / Commodity industries (**2024-26**)
- A more difficult macro environment due to tariffs related issues, weakening currency (**2025**)
- War in the Middle / Impact on oil prices – India imports significant oil (**2026**)

# India has Faced Severe External Shocks before...

Total Returns from Dec 2000 onwards in AUD Terms



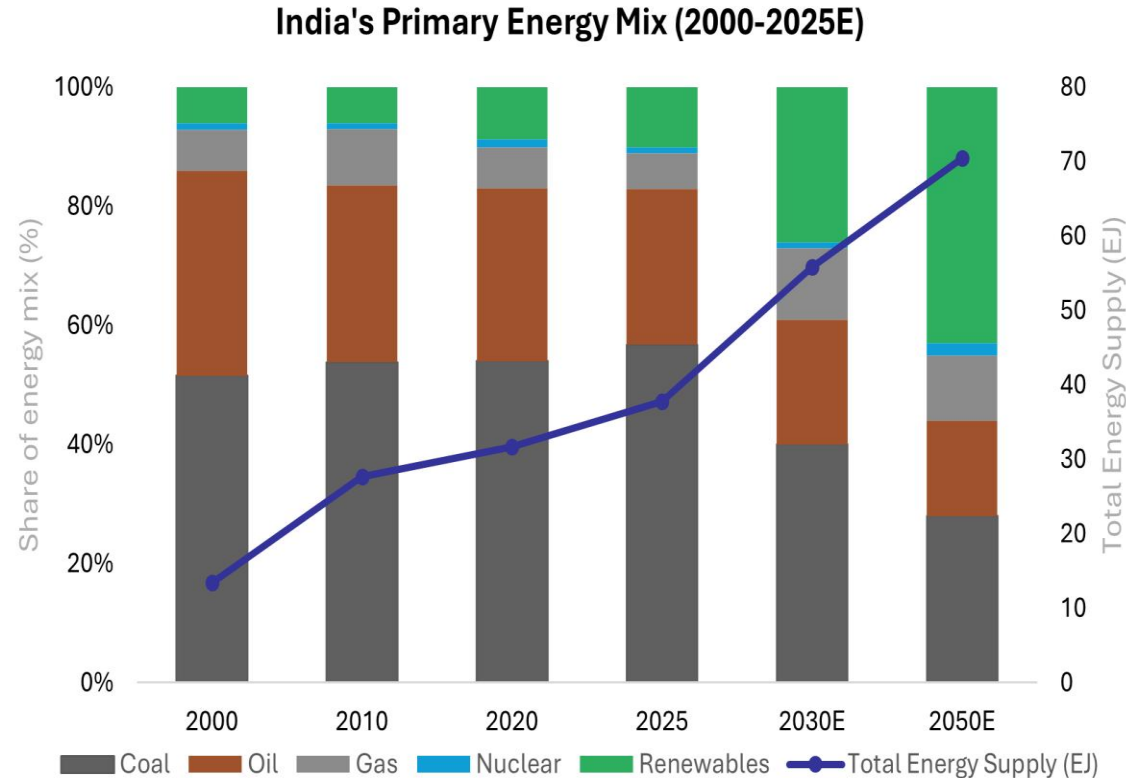
## Previous Indian Market Corrections

- Dot-com (2000-2001) – 43%
- GFC (2008) – 60%
- Covid-19 (2020) – 35%

*\*as measured by the Sensex (top 30 stocks in India)*

*Underlying demographics and compounding earnings growth underpin share market success*

# India's Energy Requirements

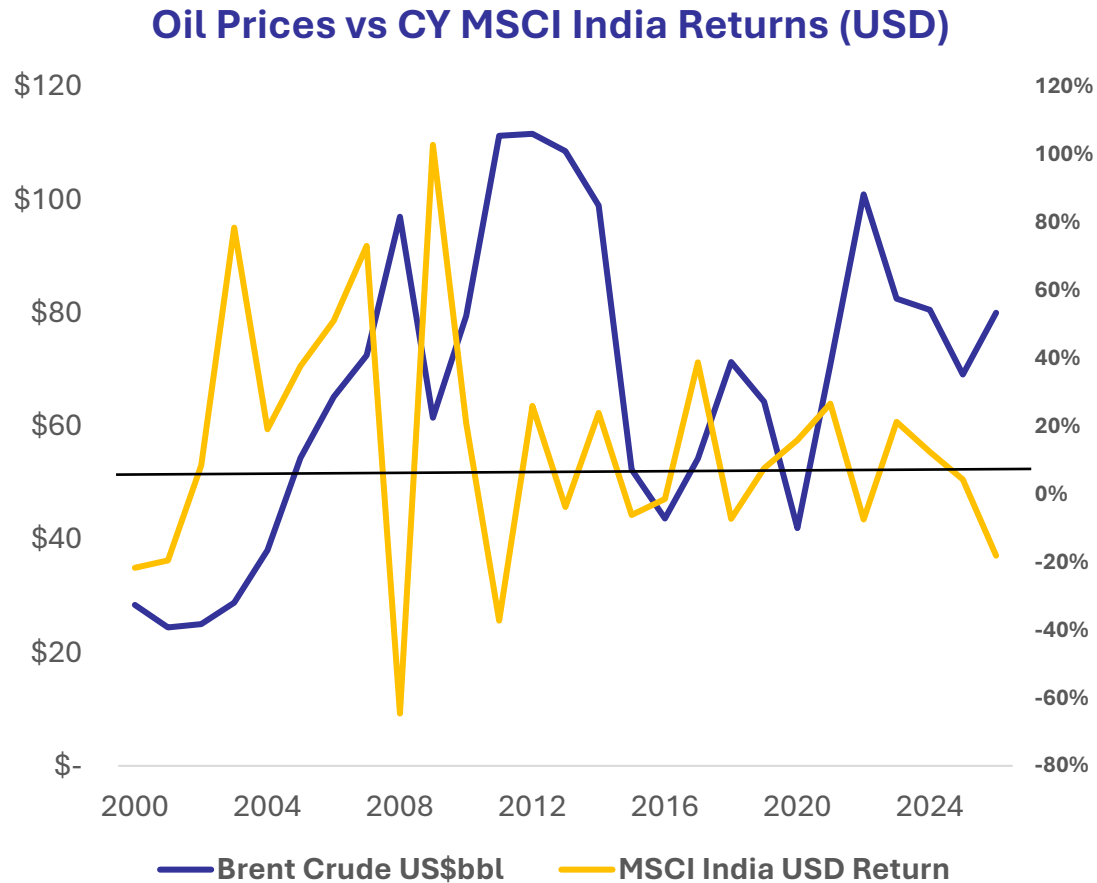


Source: Ourworldindata.org, IEA

- **3<sup>rd</sup>** largest energy consumer in the world, which is typical for a fast-growing large economy
- Oil and Natural Gas is close to **30%** of requirements
- **> 85%** of Oil is imported. India consumes 5 million barrels per day
- **Impacts:** Mobility, Logistics, Aviation
- **Used:** Plastics, Chemicals, Manufacturing, Industrial Value Chains
- Of new capacity, **75%** is now renewable (Solar, Wind, Hydro, Biofuels)
- India is targeting 1000GW of power capacity by 2030 – with **50%** from renewables!

**Source: Institute for Energy, Economics and Financial Analysis (ieefa.org)**

# Oil Price Impact



Source: Statista.com, Investing.com

## Past Experiences

### 2010-2013:

High oil prices, weak currency, rising CAD-to-GDP, low FX

### 2022:

Russia-Ukraine War, rising inflation / rates

### 2026:

US/Israel – Iran War

# Rising Macro Resilience

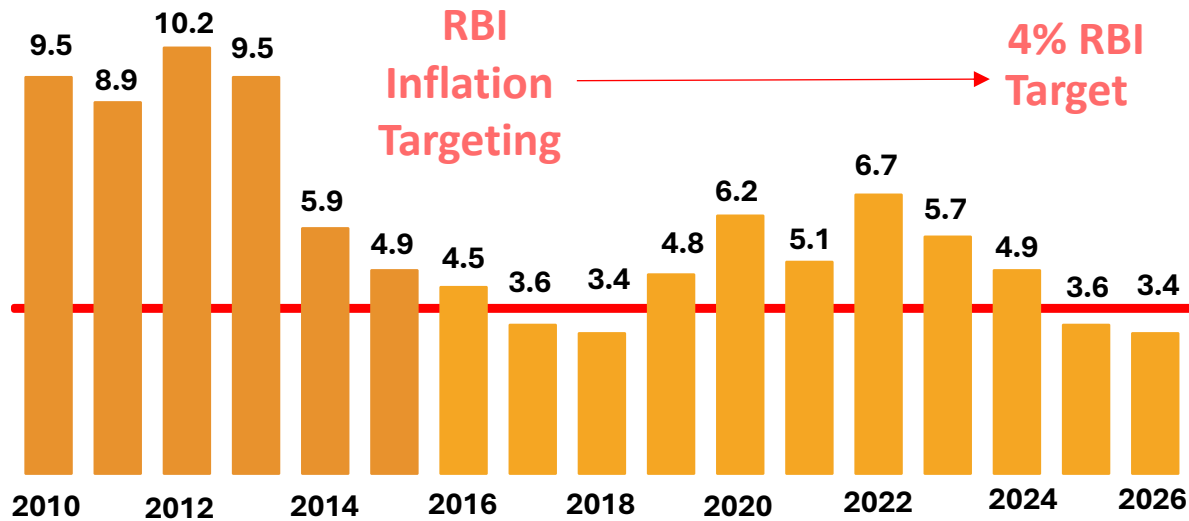
High Oil Price Regimes	2008	2011-2014	2022	2026
GDP Size US\$tn	1.2	1.9 (average)	3.2	4.1
GDP Growth	3.1%	6.1%	7.6%	6.5%
FX Reserves US\$bn	265	300	600	700
Reserves / GDP	22%	16%	19%	17%
Import Cover (months)	10.8	7.0	9.2	11.7

*IMF suggests that 3 months is an adequate level of import cover, but generally notes that 6-12 months are achieved for stable economies*

Source: *Tradingeconomics.com, Investing.com, IMF*

# India's Decline in Inflation

## India CPI Inflation (%) — Structural Decline



## INR/USD Exchange Rate — Gradual Depreciation



Source: RBI, MOSPI, IBEF, Trading Economics (2026)

## Structural Decline

- CPI peaked at 10%+ in 2012–13, now averaging ~3.5%
- RBI inflation targeting (2016) anchored expectations at 4%
- Record low of 0.25% in Oct 2025 — historic milestone
- FY26 estimate: 3.7% (RBI revised down 60bps)

## Oil Impact: Structurally Reduced

- Oil imports / GDP fallen from 8.5% to 4.8%
- 10% oil price rise now adds only ~20bps to CPI
- Renewables: 23% (2014) → 75% of new capacity (2026)
- Services-led economy (55%+ GDP) less oil-intensive

## Currency: Gradual, Not Disorderly

- INR: ₹45/USD (2010) → ₹87/USD (2026) — orderly pace
- \$700bn FX reserves = 11.7 months import cover
- REER more stable than nominal rate suggests

NZD/INR - New Zealand Dollar Indian Rupee

↑ 56.310 +0.287 (+0.51%)

USD/INR × AUD/INR ×

Buy Sell

# NZD-INR



- NZD has appreciated 3.4% p.a. vs INR over the last 50 years
- However, over the last 10 years, the pace dropped to 2.1% p.a.
- Prior to last 6 months, the NZD – INR was flat for 12 years
- India’s currency depreciation will continue to reduce due to economic growth

Source: Investing.com

# The Investment Case

**Nifty 50 - 17.5x**

vs 19.6x 5yr avg

**~21x**

Below 5yr avg of 23x

**14-16%**

**FY27 EPS Growth**

**Nifty Fwd P/E (Now)**

**17.5x**

**10-Year Average**

**18.6x**

**MSCI India Fwd P/E**

**20.5x**

**MSCI EM P/E**

**14.9x**

- **Valuations: Compelling Entry Point**
- **FII Outflows: Contrarian Signal**
- **Earnings: Reacceleration Ahead**

Source: MSCI, Bloomberg, Goldman Sachs, Kotak, PL Capital, Allianz, Elara (May 2026)

# Indian Market Rebounds...in NZD Terms

Market	Next 12 months
> 15%	24%
>20%	29%
>25%	37%
>30%	42%
>40%	62%

Source: MSCI, Bloomberg,)

**We are here !**

- We took rolling 12-month data going back to 2001, assessing drawdowns and then measured the subsequent 12-month return
- India has been extremely resilient in the face of adversity
- The drawdowns are becoming less substantial due to a significant cohort of new local investors
- Currency volatility has been relatively subdued for over a decade – due to a strong macro position

# India's FTA Timeline – Signed & Potential

9 FTAs | 38 Countries | Export Target: US\$865B → \$2T | Potential ~2–3% GDP Uplift

## SIGNED

Year	Partner	Agreement	Date
2021	Mauritius	CEPA	
2022	UAE	CEPA	May
	Australia	ECTA	Dec
2024	EFTA (4 nations)	TEPA	Mar
2025	UK	FTA	Jul
	Oman	CEPA	Dec
	New Zealand	FTA	Dec
2026	EU	FTA	Jan
	US	Framework	Feb

## UNDER NEGOTIATION

Partner	Status
GCC (6 states)	ToR signed Feb 2026
Israel	Round 1 – Feb 2026
Chile	Round 4 upcoming

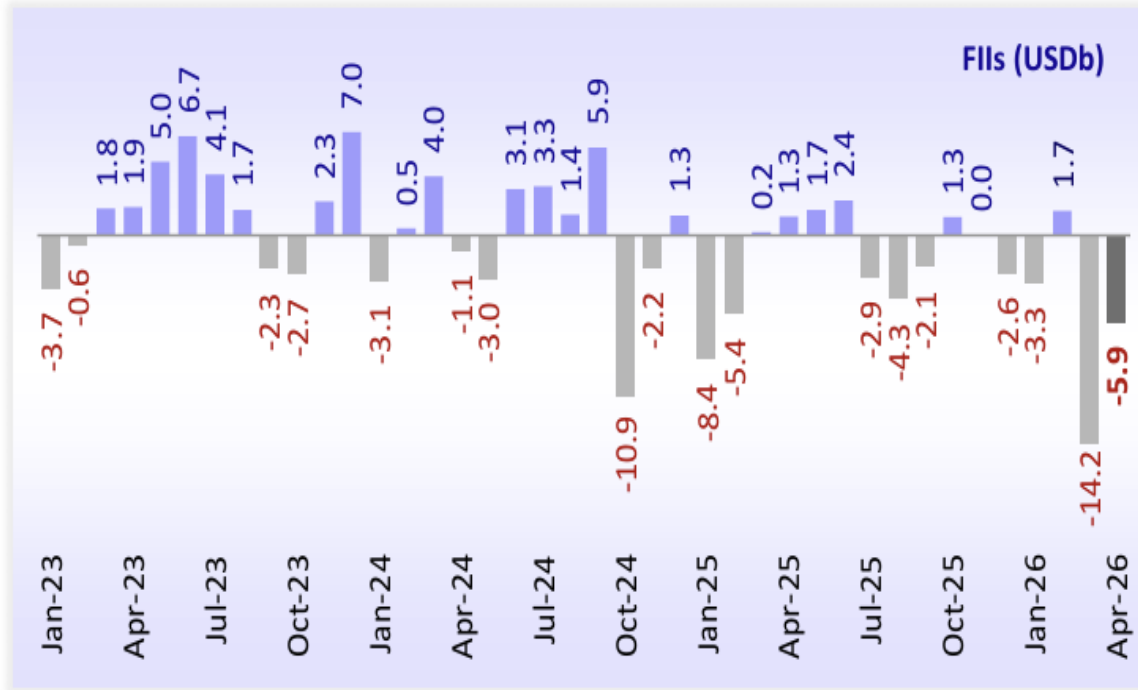
*Global Supply chain is re-wiring, with themes like China + 1, Manufacturing FDI, PLI schemes slowly building – in specific sectors*

Source: IBEF, PIB India, European Commission, White House, GCC Secretariat, Goldman Sachs (2026)

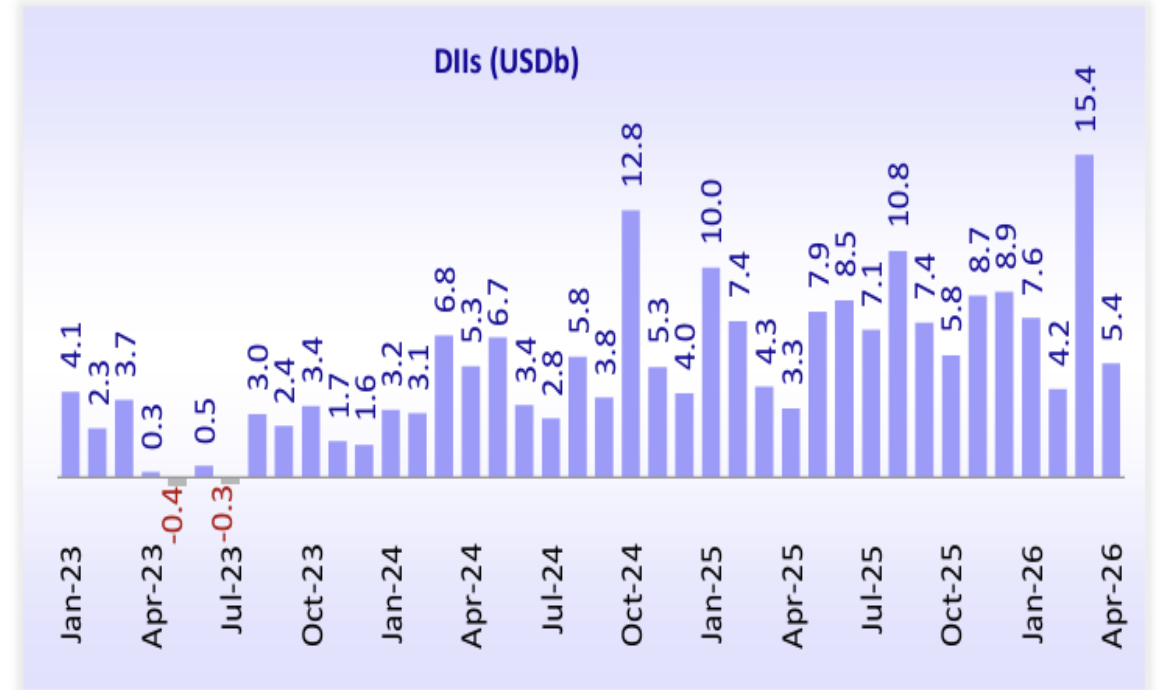
# Local Investment Wave

- FII ownership has dropped from over 20% to 16% (as several funds have shifted to underweight India)
- DII (local HNI, Mutual Funds and Retail) increased 7-fold over 10 years, from 10% to 20% of market cap.

FII record outflows into equities for the second consecutive month



DII's monthly inflows into equities moderate in Apr'26



Note: The FII flow data for Apr'26 includes provisional data of 30<sup>th</sup> Apr'26.

Source: Motilal Oswal, IBEF

## Structural Tailwinds

1. PLI incentives → manufacturing scale
2. Make in India + logistics upgrades
3. China+1 diversification
4. Productivity reforms: GST, IBC, labour
5. Digitisation & financialisation
6. Strong corporate balance sheets
7. High FX reserves, lower structural inflation
8. Renewables reducing energy risk

## Risks to monitor

1. Oil price remain stubbornly high
2. Strait of Hormuz remains closed
3. Further geopolitical escalation
4. Spills into global recession

## Fund details – IAEF

### Fund Details

No. of Stocks	60-80 companies listed predominantly on Indian Stock Exchanges
Benchmark	MSCI India (Net) in AUD
Objective	To outperform the benchmark over rolling 5-year periods
AUM	\$120m
Valuation & Liquidity	Daily
Planned Access Routes	Platforms, PDS
Responsible Entity	Equity Trustees
Administrator	Apex Group
Custodian	BNP Paribas (India) / Apex (Australia)

### Fees

H Class	1.50% MER* + 10% of outperformance relative to benchmark (with high watermark)
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### Fund Constraints

Maximum Stock Weight	10% (ensure adequate diversification of companies)
Maximum Cash Weight	30% (to shield the portfolio against adverse market events)
Maximum Futures Exposure	20% (to either protect portfolio or equitise when managing cash exposure)

*\*Investors via platforms in NZ received a 20bp rebate p.a.*

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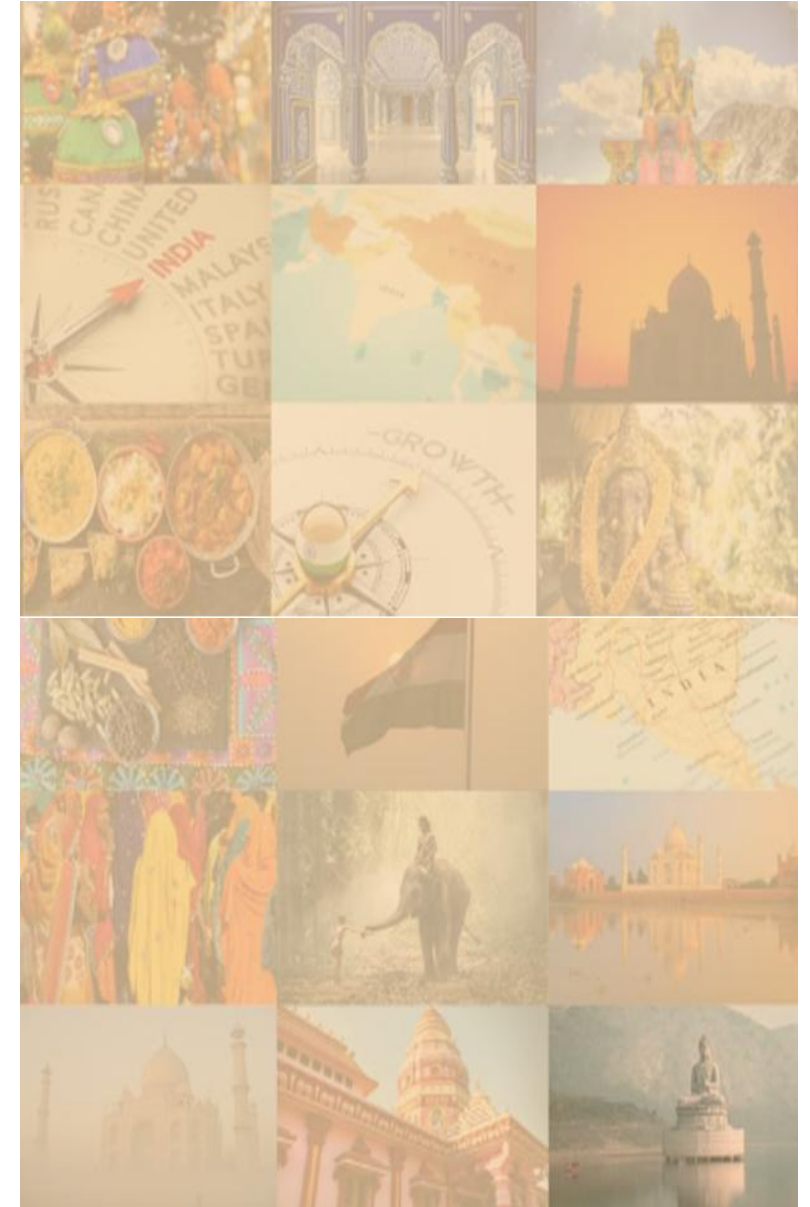
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