InvesTips

# Roots and routes – A framework for Global Indian investors

September 2026


WS Global CIO Office

# Two investor profiles, one shared opportunity

India's financial coming of age has created a generation of investors at a distinctive crossroads: deeply connected to one of the world's fastest-growing economies, yet increasingly aware that portfolios concentrated in a single market can accumulate risks over time.

This report discusses the challenges faced by two distinct **'Global Indian'** investor profiles. The first is the **onshore Indian investor**: a resident Indian whose wealth is largely denominated in domestic equities and fixed income, but who may still treat global markets as an occasional satellite allocation rather than a core portfolio component. The second is the **offshore Indian investor**: a non-resident Indian (NRI) based outside India with full access to global capital markets, yet who may be under-allocated to the growth story unfolding in their country of origin. Because global benchmarks understate India's economic importance, investors seeking more meaningful participation in its growth story may consider allocating above benchmark levels, with NRIs' potential stronger affinity with India providing an additional reason to make this adjustment.

For both groups, the starting point is the same: a concentrated bias towards either Indian or global markets can create risks that diversification can help mitigate without requiring investors to abandon their core convictions. For onshore Indian investors, global assets can provide structural currency diversification and access to sectors that are under-represented in Indian indices. Our Capital Market Assumptions (CMAs) illustrate the potential portfolio benefits: increasing the allocation to global assets from 0% to 15% raises expected returns while reducing expected volatility meaningfully. As a result, the portfolio's risk-adjusted returns improve.

For offshore Indian investors, India offers a real yield premium, a rising weight in global indices and long-term growth that remains meaningfully under-represented in global benchmarks. A historical perspective illustrates the opportunity: since 2001, Indian equities have delivered over 10% annualised returns in USD terms, outperforming Developed Market equities over the same period.

Onshore and offshore Indian investors may share the same connection to India, but they face very different portfolio challenges. There are key dividing lines that determine how each investor should think about diversification, risk management and the role of Indian assets within a broader investment portfolio.

**Manpreet Gill**
Chief Investment Officer, EMEA

**Sylvain Huard**
Head of Asset Allocation

**Hannah Chew**
Portfolio Strategist

**Base currency –** the first and most important divide

The onshore Indian investor earns, spends, saves and ultimately retires in rupees (INR). Their relevant return is, therefore, an INR return. If the INR depreciates against the US dollar (USD), foreign assets rise in INR terms and can act as a natural hedge. If the INR appreciates, those same assets deliver lower INR returns than their local-currency performance would suggest. For the offshore investor, the currency problem is reversed. Their benchmark is typically USD-based, and Indian markets are the exposure that introduces exchange-rate risk. A strong year for Indian equities in INR terms may look less compelling once translated back into USD at an unfavourable exchange rate.

**Regulatory access –** different constraints, different routes

The onshore Indian investor operates within the Liberalised Remittance Scheme (LRS) framework. Depending on their circumstances, this can offer meaningful or constrained access to global markets. Fund-of-funds and international exchange-traded funds (ETFs) can also offer alternative access routes, as opposed to direct securities alone.

For the offshore Indian investor, the challenge is less about access to India than choosing the most appropriate investment route. They can generally invest through onshore accounts, while offshore-listed funds and ETFs may offer a more convenient alternative. The preferred structure will depend on their residency, tax domicile and product eligibility, making careful planning important even where access itself is relatively broad.

As an example, India's Gujarat International Finance Tec-City (GIFT City), home to the country's International Financial Services Centre (IFSC), is one potential implementation route available to both onshore and offshore Indian investors. For offshore investors, GIFT City offers an efficient way to access India-linked and global investment products with little or no need for INR conversion, while allowing foreign-currency repatriation. For onshore investors, it can facilitate USD-denominated exposure through foreign-currency accounts under the LRS, providing a domestically regulated, yet globally oriented platform for portfolio diversification.

**Portfolio risk –** concentration on one side, under-allocation on the other

The onshore Indian investor's core risk is concentration and complacency: a portfolio almost entirely exposed to India's domestic economic cycle, policy environment and sectoral composition. This is not a prediction that these will deteriorate, as India's structural growth story remains compelling. Rather, this implies the risk is structural when all equity exposure sits within a single market, causing the portfolio to react simultaneously to the same domestic catalysts. By contrast, the offshore Indian investor faces the opposite problem: under-allocation to one of the world's fastest-growing economies, driven partly by access frictions and partly by the difficulty of sizing a home-market allocation through a global investment framework.

Fig. 1

Risk profile breakdown between an Indian onshore investor vs a USD offshore investor

| | **INR onshore investor** | **USD offshore investor** |
|---|---|---|
| **Starting point** | India-based investor whose wealth, spending and returns are primarily measured in INR | NRI whose portfolio benchmark is typically USD or another major currency |
| **Currency lens** | Foreign assets add currency risk, but can also hedge INR depreciation | Indian asset exposure adds INR risk; local returns can be reduced or bolstered when translated back to USD |
| **Access route** | Typically through LRS or family office structures | Typically use ETFs, Foreign Portfolio Investor (FPI) structures or the Fully Accessible Route (FAR) |
| **Portfolio role** | Indian assets remain the core; global assets diversify sector, cycle and currency exposure | Global markets remain the core; India is a deliberate growth and real-yield overweight |
| **Core risk** | Home-market concentration, domestic-cycle dependence and limited sector breadth | Under-allocation to India, INR volatility and operational complexity |

Source: Standard Chartered

# The building blocks of a Global Indian portfolio

## A diversified portfolio makes sense regardless of the investor profile

Before examining the specific assets available to Global Indian investors, it is useful to step back and ask a more fundamental question: why hold multiple asset classes at all? The simple answer is diversification. Because different asset classes play different roles and perform differently across economic and market conditions, combining them thoughtfully can reduce risk, create more consistent outcomes and build greater portfolio resilience than relying on any single asset class alone.

Each major asset class tends to perform best under different economic conditions. Equities usually benefit when corporate earnings are growing and investor confidence is strong, but they can fall sharply when growth disappoints or credit conditions tighten. Bonds can provide income and may hold their value, or even appreciate, when growth slows and central banks ease policy, but they typically face pressure when inflation is high and interest rates rise. Gold has long been viewed as a geopolitical and inflation hedge, and its relatively low correlation with equities and bonds can make it a useful portfolio diversifier.

In practice, a portfolio concentrated in a single asset class – whether Indian equities, USD cash or any other standalone exposure – is implicitly relying on one set of economic and market conditions remaining favourable. A thoughtfully constructed multi-asset portfolio does not need to be the best performer in every year, but it is also unlikely to be the worst. Its purpose is to build resilience across market cycles: capturing growth when conditions are supportive, limiting downside when stress emerges, and compounding steadily over time in a way that no single asset class can consistently achieve on its own.

## A practical asset-class toolkit for Global Indian investors

### Developed Market (DM) equities

These are typically shares in large, established companies across the US, Europe, the UK and Japan and usually represent the largest and most liquid equity markets in the world. They are home to the technology giants, global healthcare leaders and consumer brands that dominate their sectors globally – many of which have no equivalent in Indian indices. DM equities provide the broadest possible access to global corporate earnings growth, and for onshore investors, they provide USD and other major currency exposure that structurally helps hedge against INR depreciation. For offshore investors, DM equities are the natural portfolio core, given their base currency and broad exposure of the asset class in global markets.

### Emerging Markets (EM) equities

EM equities span a broad universe of developing economies, including China, South Korea, Taiwan, Brazil and other major EM markets. They offer greater growth potential than DM equities, but also tend to be more volatile. Their returns are supported by rising consumption, commodity cycles and the expansion of industry and the middle class. For Indian investors, EM equities provide exposure to regional peers that behave differently from Indian domestic markets, adding a layer of diversification within the equity sleeve.

## Indian equities

Indian listed equities can be split up into two distinct sub-asset classes: 1) small- and mid-cap equities and 2) large-cap equities. The latter represent India's established blue-chip companies with strong balance sheets and have relatively lower volatility within the Indian equity spectrum. These are typically the anchor of any Indian equity allocation. Meanwhile, small- and mid-cap equities tap into a different part of India's growth story: the domestic consumption engine, the formalisation of the informal economy and the entrepreneurial mid-market that scales rapidly in a high-growth environment. They offer meaningfully higher potential returns, but also comes with higher volatility and lower liquidity, making the appropriate allocation dependent on the investor's risk tolerance and investment time horizon.

## DM Investment Grade bonds

Developed market investment grade bonds encompass two closely related asset classes that play a core defensive role in portfolios. Government bonds, such as US Treasuries, German Bunds, and UK Gilts, are issued by highly rated sovereigns and are widely regarded as the closest equivalent to a risk-free asset within global markets. Investment grade corporate bonds, issued by financially strong companies rated BBB- or above, offer higher yields than government bonds in return for accepting a modest amount of credit risk.

Together, these assets provide an important source of portfolio stability. Government bonds have historically performed well during periods of economic uncertainty and market turbulence, helping to cushion equity losses when investors seek safer assets. Investment grade corporate bonds enhance overall income generation while maintaining relatively low volatility, allowing investors to improve return potential without taking on the higher risks typically associated with equities.

## EM USD bonds

EM USD bonds are USD-denominated debt issued by EM sovereign and quasi-sovereign borrowers, including countries such as Indonesia, Mexico, Brazil and South Africa. Their USD denomination removes direct exposure to the issuers' local currencies, making them a more accessible entry point into EM fixed income than local-currency bonds, particularly for offshore investors with hard-currency liabilities. For onshore investors, EM USD bonds add hard-currency fixed-income exposure and can diversify portfolios concentrated in Indian equities and INR interest-rate risk. However, their returns still depend on global interest rates, credit spreads and investor risk appetite.

## India government bonds

The Indian bond market offers something that is increasingly rare globally: a genuine positive real (net-of-inflation) yield. India's 10-year government bond yielded around 6.7% in mid-2026 against a headline inflation of about 4.4%. This represents a positive real yield of nearly 2.8% that compares favourably to most DM alternatives. India's inclusion in global bond indices is now also channelling systematic passive inflows into this market, providing an additional structural demand tailwind.

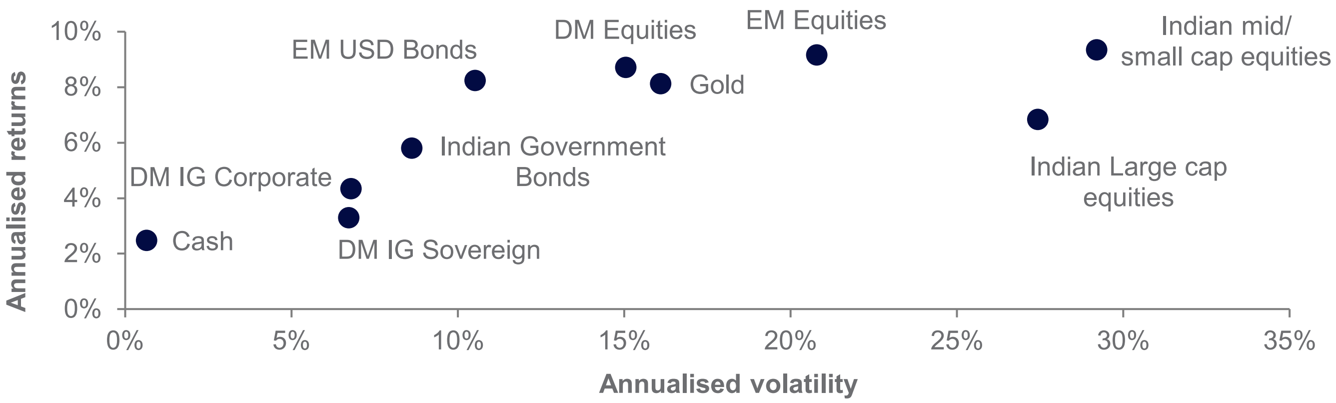
## Gold

Gold occupies a unique role in this framework particularly for Indian investors. Beyond its universal function as an inflation and geopolitical hedge, gold in INR terms has historically delivered strong returns during periods of INR weakness because gold prices are globally denominated in USD. When the INR depreciates, the INR value of gold rises, providing a natural cushion against the same currency dynamics that erode domestic purchasing power.

Fig. 2

Comparing asset class risk and return since 1995*

Risk-return spectrum of asset classes in USD




Source: Bloomberg, Standard Chartered
Data as of 31 August 2026
* Data for DM IG Corporate bonds from Oct 2000; data for Indian Government Bonds from Jan 1999; data for EM Equities from Jan 2001

# Why an India-only portfolio may not be enough

**The case for global exposure for onshore Indian investors –** Most resident Indian investors already diversify across asset classes, typically holding a mix of equities, fixed income and, in some cases, commodities such as gold. However, this diversification is usually implemented through domestic assets. The gap, therefore, is not necessarily a lack of asset-class breadth, but a lack of geographic diversification. This is where global investing can play an important role: by adding exposure to different economies, currencies, sectors and market cycles beyond India.

Argument **01**

The INR depreciates structurally

Since India's market liberalisation in the early 1990s, the INR has depreciated significantly against the USD, weakening from approximately INR 31 per USD in 1994 to more than INR 95 per USD by August 2026 – an annualised depreciation rate of 3.4%. This long-term depreciation is not simply a market fluctuation; it reflects a structural feature of an economy that has persistently run higher inflation than the US. For investors holding only INR-denominated assets, this creates a gradual erosion of global purchasing power over time. USD-denominated foreign assets can, therefore, serve as a structural currency hedge, helping preserve international purchasing power rather than representing a speculative currency bet.

Fig. 3

Decades of INR depreciation against USD highlight the currency risk embedded in India-only portfolios

INR/USD exchange rate since 1994


Source: Bloomberg, Standard Chartered
Data as of 31 August 2026

## Argument 02

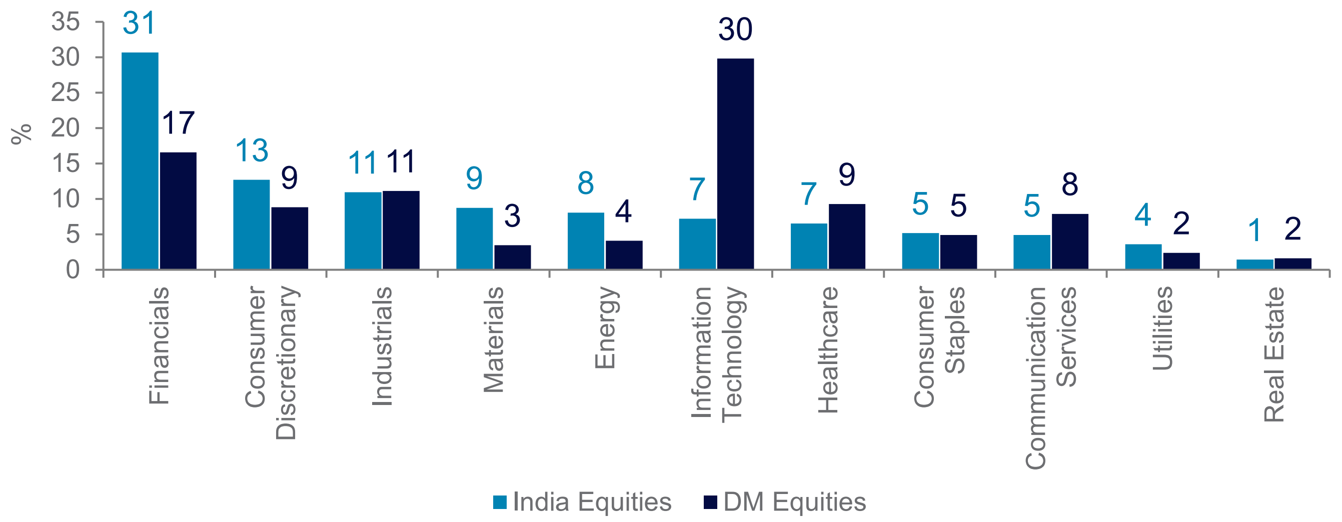
### Sector gaps in Indian equity markets

Indian equity indices remain heavily weighted towards the financial, consumer discretionary and industrial sectors. By contrast, technology – the largest sector in global DM indices – has a much smaller representation in India's listed market, despite the scale and importance of India's broader technology economy. This gap has become more significant with the rise of artificial intelligence (AI). While India has strong technology talent and growing AI adoption, Indian markets offer little-to-no exposure to technology in the investible equity market. As a result, investors with portfolios concentrated in Indian equities have limited exposure to global technology leaders. Adding DM equities, therefore, provides sector diversification, including greater participation in the growth opportunities associated with AI, as well as geographic diversification.

Fig. 4

Looking beyond India expands sector exposure

Sector exposure of the MSCI World and MSCI India indices as of 31 August 2026




Source: FactSet, Standard Chartered

## Argument 03

### Market cycles are not synchronised

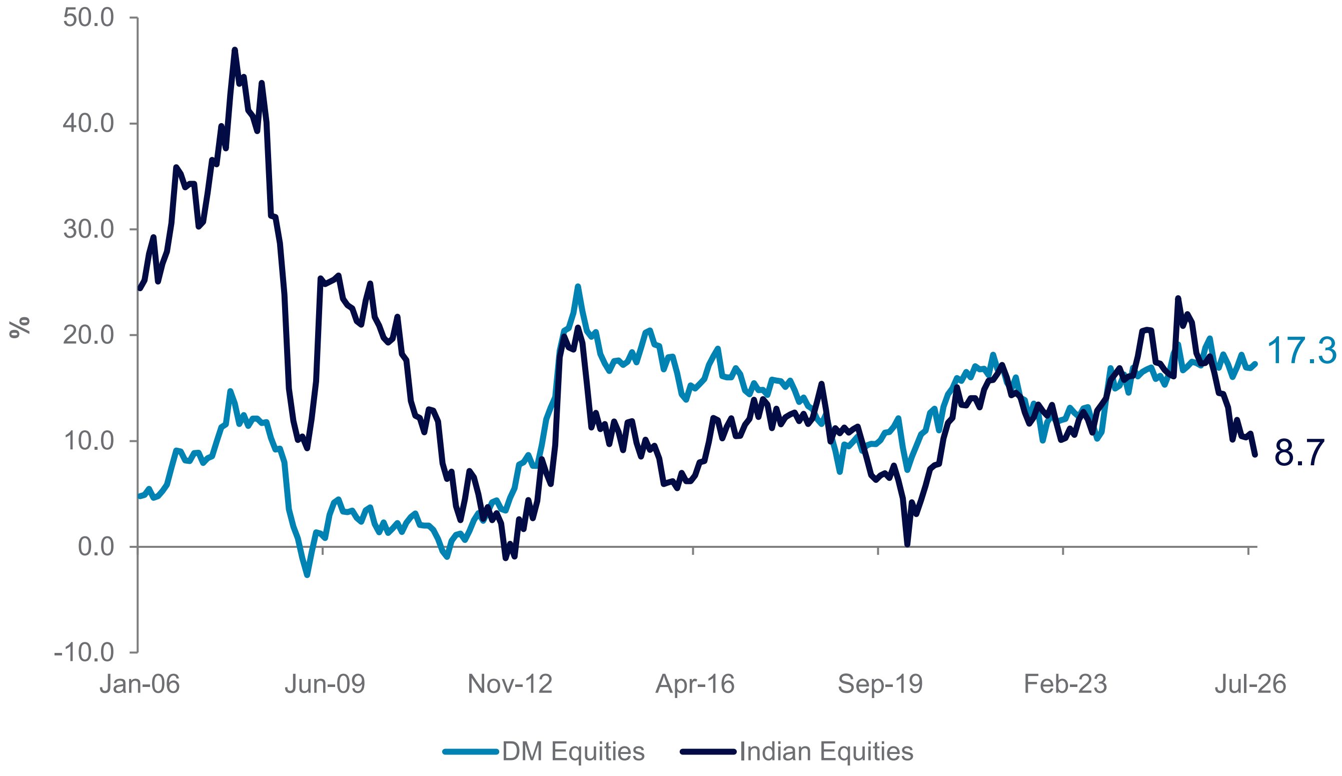
Indian equities respond sharply to domestic catalysts: RBI rate decisions, monsoon outcomes, fiscal borrowing announcements and India-specific political developments. When these factors turn negative, they tend to affect domestic equity positions simultaneously. Global equity markets are not driven by the same catalysts, so a domestic Indian growth slowdown does not cause US corporate earnings to fall or other global equities to retreat. Adding a global equity sleeve means that not all equity exposure moves in tandem during a domestic downturn.

The same logic applies to bonds. Indian bonds respond primarily to RBI monetary policy, domestic inflation and India's fiscal borrowing calendar. These drivers are largely independent of the global rate cycle. An investor holding only Indian equities and Indian bonds has all of their assets exposed to the same set of domestic macro factors at once. A portfolio that blends Indian and global assets reduces this localised cycle dependency, spreading exposure across markets that follow different cycles.

Fig. 5

Different markets lead at different times because their return cycles are driven by different economic, currency and policy forces

Five-year annualised rolling returns of DM and Indian equities in INR




Source: Bloomberg, Standard Chartered

# Why Indian assets still belong in every offshore Indian investor portfolio

**The case for Indian asset exposure for offshore Indian investors –** India stands out as one of the few major economies where 6-7% annual real GDP growth remains a credible base case through the end of the decade. For offshore investors, the allocation case is not built on growth alone, but on **four reinforcing pillars:** a structural growth premium unmatched among large economies; reforms that have improved the quality and breadth of that growth; a demographic dividend that still has years to run; and a digital public infrastructure revolution that is lifting productivity at population scale.

### The growth premium

According to the International Monetary Fund, India remains the world's fastest-growing major economy. Real GDP expanded by 7.6% in 2025 and is projected to grow by 6.5% in 2026 – outpacing China at 4.4%, G7 economies at 1.6%, and EM and developing economies at 3.9%. This is not a one-year outlier. Apart from the Covid-19 pandemic shock, India has sustained a 6-8% real GDP growth range for much of the past decade, reinforcing its structural growth premium.

This structural growth is also reflected in equity-market performance. Since 2001, Indian equities have delivered annualised returns of 10.1% in USD terms, outperforming DM equities, which returned 7.5% annualised over the same period. This long-term track record reinforces the case for including Indian equities as a deliberate source of growth within an offshore investor's portfolio.

For offshore investors, there is a clear benchmark gap. A global equity benchmark allocation of around 1.3% to India materially understates the country's economic weight. India accounts for roughly 8.2% of global GDP on a purchasing power parity basis in 2025, which is significantly higher than its equity index weight. As Indian capital markets deepen and foreign ownership constraints ease, this gap between economic weight and index representation should continue to narrow, while rising benchmark inclusion can create a recurring source of passive inflows into Indian assets.

### Economic and market reforms

India's growth story over the past decade has not just been about the pace of GDP expansion. It also reflects a series of market-oriented reforms that have strengthened the investment environment and made growth more durable and accessible to long-term capital. Examples include the Goods and Services Tax, the Insolvency and Bankruptcy Code, the Real Estate Regulation and Development Act and measures to deepen and formalise domestic capital markets. Taken together, these reforms have improved the structural competitiveness of the Indian economy in ways that show up in productivity growth, foreign direct investment inflows and market depth – not just in headline GDP numbers.

## Demographic dividend

India's demographic advantage is a long-term structural tailwind, not a short-term population bulge. The country has the world's largest working-age population and, with a median age of around 29.2 (according to Worldometer's latest data), remains one of the youngest major economies. As more Indians enter the formal workforce, earn higher incomes and build financial savings, they can support a broader domestic consumption base, deeper financial intermediation and continued capital-market growth. The shift in household savings from physical assets, such as gold and real estate, towards financial assets reinforces this trend. Monthly systematic investment plan (SIP) inflows into mutual funds, which have risen from approximately INR 36.6bn in 2016 to more than INR 310bn in 2026, are a clear expression of this demographic and savings transition. They also create a durable, domestically-sourced demand base for Indian equities that is less dependent on foreign capital flows.

However, the demographic dividend is not automatic; its realisation will depend on equipping a growing workforce with employable, industry-relevant skills and creating sufficient productive jobs. India has made meaningful investments in this direction through the Skill India Mission, including vocational training, apprenticeships and courses aligned with emerging sectors. Sustained improvements in training quality, employer alignment and job creation will, therefore, be critical to convert India's demographic scale into lasting gains in productivity, income and economic growth.

## Digital infrastructure

India's digital public infrastructure – collectively known as the India Stack – has built a low-cost, inter-operable rails system that is accelerating formalisation, financial inclusion and commercial productivity at a speed with few global parallels. Examples include Aadhaar for identity, the Unified Payments Interface for payments, DigiLocker for documentation and the Open Network for Digital Commerce. Together, these platforms are productivity infrastructure: reducing the cost of doing business, formalising the informal economy and expanding the addressable market for financial services companies, fintechs, consumer platforms and logistics businesses in ways that compound into earnings growth over time.

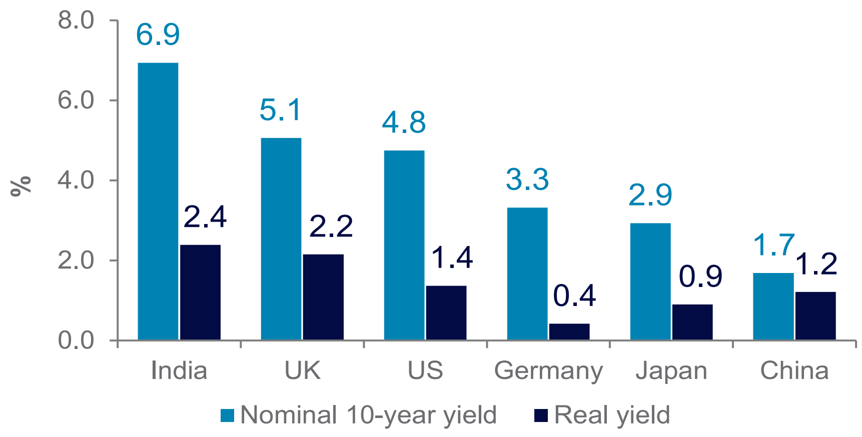
## The India fixed income opportunity

India's 10-year government bond yielded around 6.7% in mid-2026, against headline consumer inflation of approximately 4.4% – implying a real yield of around 2.4%. This compares to near-zero or negative real yields in much of the developed world over the past decade and to real yields of 1-2% available in most comparable EM bond markets.

Fig. 6

India's real yield opportunity

10-year nominal and real yields of select DM and EM governments




Source: Bloomberg, Standard Chartered
Data as of 31 August 2026

The structural catalyst that makes this asset class particularly compelling for offshore investors is bond index inclusion. Indian government bonds began entering the JPMorgan Government Bond Index-EM Global Diversified Index from June 2024, reaching the 10% cap by March 2025. Bloomberg separately announced inclusion of Indian FAR bonds in the Bloomberg EM Local Currency Government Index, with phased inclusion beginning January 2025. These are not one-off technical adjustments; they create a recurring channel of systematic passive demand, as index-tracking funds allocate to India's sovereign bond market in line with its rising benchmark representation.

# The portfolio impact

For onshore Indian investors, adding global assets can improve portfolio resilience without diluting expected INR returns. Our modelling shows that moving from a fully domestic portfolio to a 15% global allocation lifts the expected return only marginally, from 8.42% to 8.44%, but reduces expected volatility more meaningfully, from 18.38% to 16.86%. This improves the risk-adjusted return from 0.46 to 0.50. The benefit comes from exposure to markets, sectors and currencies that do not move in lockstep with Indian assets, helping reduce domestic concentration risk while adding access to different structural growth drivers.

Fig. 7

Adding global assets improves portfolio efficiency for onshore Indian investors

Portfolio allocations and statistics

| INDIA Onshore | 0% Global assets | 5% Global assets | 10% Global assets | 15% Global assets |
|---|---|---|---|---|
| **Cash** | 5.0 | 5.0 | 5.0 | 5.0 |
| **Fixed Income** | 40.0 | 40.0 | 40.0 | 40.0 |
| **Equities** | 50.0 | 50.0 | 50.0 | 50.0 |
| **Gold** | 5.0 | 5.0 | 5.0 | 5.0 |
| | | | | |
| Cash | 5.0 | 5.0 | 5.0 | 5.0 |
| DM IG Govt Bond | 0.0 | 0.5 | 1.0 | 1.5 |
| DM IG Corporate Bonds | 0.0 | 1.5 | 3.0 | 4.5 |
| EM USD Bonds | 0.0 | 0.5 | 1.0 | 1.5 |
| India Bonds | 40.0 | 37.5 | 35.0 | 32.5 |
| Developed Markets Equity | 0.0 | 1.5 | 3.0 | 5.0 |
| Emerging Markets Equity | 0.0 | 1.0 | 2.0 | 2.5 |
| India Equity | 50.0 | 47.5 | 45.0 | 42.5 |
| India Large-cap Equity | 30.0 | 28.5 | 27.0 | 25.5 |
| India Mid-/Small-cap Equity | 20.0 | 19.0 | 18.0 | 17.0 |
| Gold | 5.0 | 5.0 | 5.0 | 5.0 |
| | **100** | **100** | **100** | **100** |
| **Expected returns (INR)** | **8.42%** | **8.43%** | **8.43%** | **8.44%** |
| Expected volatility | 18.38% | 17.87% | 17.38% | 16.86% |
| **Risk-adjusted return (INR)** | **0.46** | **0.47** | **0.49** | **0.50** |
| Historical 10Y returns (INR) | 10.27% | 10.33% | 10.39% | 10.46% |
| Historical 10Y volatility | 8.52% | 8.30% | 8.10% | 7.92% |
| **Risk-adjusted return (INR)** | **1.21** | **1.24** | **1.28** | **1.32** |

Source: Bloomberg, Standard Chartered

Note: Portfolio allocations are illustrative only and should not be relied upon as investment advice or used as the basis for investment decisions

For offshore investors with globally diversified portfolios, Indian assets are best viewed as a deliberate strategic tilt towards a differentiated source of long-term growth, rather than as a near-term portfolio efficiency trade. Based on our forward-looking Capital Market Assumptions (CMAs), increasing the allocation to Indian assets to 15% leaves the expected USD return broadly unchanged at 6.10%, while expected volatility rises from 10.32% to 11.00%, reflecting the additional EM and currency risks.

However, these aggregate estimates may not fully capture the opportunity in Indian financial market assets. Our CMAs show that the case for Indian equities is compelling when viewed from a returns perspective alone.

The challenge to portfolio efficiency arises from Indian equities' relatively high expected volatility. For context, our CMAs suggest an expected volatility of 29% for Indian large-cap equities. This number is considerably higher than the level experienced over the last 10 years (18.9%) and modestly higher than the level over the past several decades. This is a key point because the drag on risk-adjusted returns in Fig. 8 comes from the higher expected volatility of Indian equities rather than any challenge to the expected return.

As an example, Fig. 9 illustrates that calibrating Indian equity volatility to more recent market experience produces a more balanced assessment of portfolio risk and return. Using recent history as an example shows that risk-adjusted returns actually improve modestly from 0.79 to 0.81.

Overall, this means the debate is less about how high a return Indian equities are expected to deliver over the coming years. Instead, how volatile Indian assets are likely to be is key to whether adding them to global portfolios improves risk-adjusted returns.

Fig. 8

Adding Indian assets gives offshore portfolios a differentiated growth tilt

Portfolio allocations and statistics

| INDIA Offshore | 0% Indian assets | 5% Indian assets | 10% Indian assets | 15% Indian assets |
|---|---|---|---|---|
| **Cash** | 5.0 | 5.0 | 5.0 | 5.0 |
| **Fixed Income** | 40.0 | 40.0 | 40.0 | 40.0 |
| **Equities** | 50.0 | 50.0 | 50.0 | 50.0 |
| **Commodities** | 5.0 | 5.0 | 5.0 | 5.0 |
| | | | | |
| Cash | 5.0 | 5.0 | 5.0 | 5.0 |
| DM Govt Bond | 17.0 | 16.0 | 15.0 | 14.0 |
| DM IG Bonds | 12.5 | 11.5 | 10.5 | 9.5 |
| EM Bonds (USD) | 10.5 | 10.0 | 9.5 | 9.0 |
| India Bonds | 0.0 | 2.5 | 5.0 | 7.5 |
| Developed Markets Equity | 44.5 | 42.0 | 40.0 | 38.0 |
| Emerging Markets Equity | 5.5 | 5.5 | 5.0 | 4.5 |
| India Equity | 0.0 | 2.5 | 5.0 | 7.5 |
| India Large-cap Equity | 0.0 | 1.5 | 3.0 | 4.5 |
| India Mid-/Small-cap Equity | 0.0 | 1.0 | 2.0 | 3.0 |
| Commodities | 5.0 | 5.0 | 5.0 | 5.0 |
| | **100** | **100** | **100** | **100** |
| Expected returns (USD) | 6.10% | 6.11% | 6.11% | 6.10% |
| Expected volatility | 10.32% | 10.52% | 10.74% | 11.00% |
| **Risk-adjusted return (USD)** | **0.59** | **0.58** | **0.57** | **0.56** |
| Historical 10Y returns (USD) | 7.60% | 7.57% | 7.56% | 7.54% |
| Historical 10Y volatility | 9.58% | 9.45% | 9.34% | 9.26% |
| **Risk-adjusted return (USD)** | **0.79** | **0.80** | **0.81** | **0.81** |

Source: Bloomberg, Standard Chartered

Note: Portfolio allocations are illustrative only and should not be relied upon as investment advice or used as the basis for investment decisions

Pulling this together, we would argue that a strong case exists for a measured allocation to Indian assets – particularly equities – exists, in our view, provided **two conditions** are met.

First, investors should retain conviction that the structural drivers of India's return premium – including earnings growth, improving governance and an expanding investable universe – remain intact. This is key to being comfortable with the expected return of Indian equities and bonds.

Second, investors must be willing and able to tolerate the volatility associated with Indian equities. While one could argue that the assumed volatility in our CMAs is high relative to the level experienced in recent decades, under most scenarios, it would remain meaningfully higher than that of DM equities.

Taken together, offshore Indian investors should consider incorporating Indian assets within a globally diversified portfolio. However, the allocation should be deliberate and sized in line with their objectives and risk tolerance, reflecting a conscious investment view and not just the familiarity of a home bias.

Fig. 9

## Portfolio outcomes appear more balanced when Indian equity volatility is calibrated to recent experience

Portfolio allocations and statistics

| INDIA Offshore | 0% Indian assets | 5% Indian assets | 10% Indian assets | 15% Indian assets |
|---|---|---|---|---|
| Expected returns (USD) | 6.10% | 6.11% | 6.11% | 6.10% |
| Expected volatility* | 10.32% | 10.29% | 10.27% | 10.26% |
| **Risk-adjusted return (USD)** | **0.59** | **0.59** | **0.59** | **0.59** |

Source: Bloomberg, Standard Chartered

* Volatility for India large-cap equities and India mid-/small-cap equities is based on historical 10-year annualised volatility; all other assets use CMAs.

These results show that cross-border diversification serves different needs for different investors but leads to the same portfolio conclusion. For onshore Indian investors, global assets can help lower volatility, broaden sector exposure and provide a structural hedge against INR depreciation. For offshore Indian investors, India offers a deliberate growth and real-yield allocation that is under-represented in global benchmarks. In both cases, combining Indian and global assets can build a more resilient portfolio across market cycles.

# Different starting points, the same destination

Resident onshore Indian investors and offshore Indian investors begin from opposite starting points. One is anchored in India and looking outward; the other is anchored globally and looking inward. Their regulatory regimes, base currencies and available instruments differ. Yet the portfolio destination is the same: meaningful exposure to both India and the world.

That conclusion reflects the reality of an interconnected investment world. Indian corporate earnings are shaped by global commodity prices, technology supply chains and demand from DMs. At the same time, companies in the US, Europe and Japan are exposed to the consumption growth of emerging economies, including India. Bond markets may respond first to domestic central banks, but they are still influenced by global rate cycles; gold is priced in USD, yet its impact is felt across currencies. No investor can afford to treat the other half of the world as irrelevant.

What differs is not the principle, but the path. The onshore Indian investor adds global exposure as a deliberate extension of an India-centric portfolio, seeking additional return opportunities while gaining a structural hedge against INR depreciation. The offshore investor builds India exposure as a deliberate overweight above global benchmarks, accepting INR volatility as the cost of accessing India's growth premium and real-yield opportunity. The appropriate allocation will differ by profile and risk appetite, but the core message is the same: **both investors need both markets.**

**Disclosures**

This document is confidential and may also be privileged. If you are not the intended recipient, please destroy all copies and notify the sender immediately. This document is being distributed for general information only and is subject to the relevant disclaimers available at our Standard Chartered website under Regulatory disclosures. It is not and does not constitute research material, independent research, an offer, recommendation or solicitation to enter into any transaction or adopt any hedging, trading or investment strategy, in relation to any securities or other financial instruments. This document is for general evaluation only. It does not take into account the specific investment objectives, financial situation or particular needs of any particular person or class of persons and it has not been prepared for any particular person or class of persons. You should not rely on any contents of this document in making any investment decisions. Before making any investment, you should carefully read the relevant offering documents and seek independent legal, tax and regulatory advice. In particular, we recommend you to seek advice regarding the suitability of the investment product, taking into account your specific investment objectives, financial situation or particular needs, before you make a commitment to purchase the investment product. Opinions, projections and estimates are solely those of SC at the date of this document and subject to change without notice. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. You are not certain to make a profit and may lose money. Any forecast contained herein as to likely future movements in rates or prices or likely future events or occurrences constitutes an opinion only and is not indicative of actual future movements in rates or prices or actual future events or occurrences (as the case may be). This document must not be forwarded or otherwise made available to any other person without the express written consent of the Standard Chartered Group (as defined below). Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Standard Chartered PLC, the ultimate parent company of Standard Chartered Bank, together with its subsidiaries and affiliates (including each branch or representative office), form the Standard Chartered Group. Standard Chartered Global Private Bank is the private banking division of Standard Chartered. Private banking activities may be carried out internationally by different legal entities and affiliates within the Standard Chartered Group (each an "SC Group Entity") according to local regulatory requirements. Not all products and services are provided by all branches, subsidiaries and affiliates within the Standard Chartered Group. Some of the SC Group Entities only act as representatives of Standard Chartered Global Private Bank and may not be able to offer products and services or offer advice to clients.



**Market Abuse Regulation (MAR) Disclaimer**

Banking activities may be carried out internationally by different branches, subsidiaries and affiliates within the Standard Chartered Group according to local regulatory requirements. Opinions may contain outright "buy", "sell", "hold" or other opinions. The time horizon of this opinion is dependent on prevailing market conditions and there is no planned frequency for updates to the opinion. This opinion is not independent of Standard Chartered Group's trading strategies or positions. Standard Chartered Group and/or its affiliates or its respective officers, directors, employee benefit programmes or employees, including persons involved in the preparation or issuance of this document may at any time, to the extent permitted by applicable law and/or regulation, be long or short any securities or financial instruments referred to in this document or have material interest in any such securities or related investments. Therefore, it is possible, and you should assume, that Standard Chartered Group has a material interest in one or more of the financial instruments mentioned herein. Please refer to our Standard Chartered website under Regulatory disclosures for more detailed disclosures, including past opinions/ recommendations in the last 12 months and conflict of interests, as well as disclaimers. A covering strategist may have a financial interest in the debt or equity securities of this company/issuer. All covering strategist are licensed to provide investment recommendations under Monetary Authority of

Singapore or Hong Kong Monetary Authority. This document must not be forwarded or otherwise made available to any other person without the express written consent of Standard Chartered Group.

**Sustainable Investments**

Any ESG data used or referred to has been provided by Morningstar, Sustainalytics, MSCI or Bloomberg. Refer to 1) Morningstar website under Sustainable Investing, 2) Sustainalytics website under ESG Risk Ratings, 3) MCSI website under ESG Business Involvement Screening Research and 4) Bloomberg green, social & sustainability bonds guide for more information. The ESG data is as at the date of publication based on data provided, is for informational purpose only and is not warranted to be complete, timely, accurate or suitable for a particular purpose, and it may be subject to change. The ESG data providers may not provide data coverage of all companies or securities in our Sustainable Investment Universe or Fund Select funds. As a result, a small subset of companies or securities will not be in scope for exclusionary screening. Sustainable Investments (SI): This refers to funds that have been classified as 'ESG Intentional Investments - Overall' by Morningstar. SI funds have explicitly stated in their prospectus and regulatory filings that they either incorporate ESG factors into the investment process or have a thematic focus on the environment, gender diversity, low carbon, renewable energy, water or community development. For equity, it refers to shares/stocks issued by companies with Sustainalytics ESG Risk Rating of Low/Negligible. For bonds, it refers to debt instruments issued by issuers with Sustainalytics ESG Risk Rating of Low/Negligible, and/or those being certified green, social, sustainable bonds by Bloomberg. For structured products, it refers to products that are issued by any issuer who has a Sustainable Finance framework that aligns with Standard Chartered's Green and Sustainable Product Framework, with underlying assets that are part of the Sustainable Investment universe or separately approved by Standard Chartered's Sustainable Finance Governance Committee. Sustainalytics ESG risk ratings shown are factual and are not an indicator that the product is classified or marketed as "green", "sustainable" or similar under any particular classification system or framework.

**Shariah ("Shariah Compliant or Shariah Compliance")**

For any reason to enter only into transactions which comply or are consistent with the principles of the Shariah, the client certifies that he/she/it has made his /her/its own investigation into and satisfied itself as to the Shariah compliance of the Islamic security and all necessary action to confirm that the Islamic security is Shariah compliant has been taken (including the obtaining of a fatwa, where required) and the Client will not claim any dispute on the grounds of any lack of Shariah compliance of these investments. The Client has not relied on Standard Chartered Group or any written declaration, fatwa, opinion or other documents prepared by, on behalf or at the request of Standard Chartered Group for the purposes of a determination or confirmation that these instruments are Shariah compliant.

**Country/Market Specific Disclosures**

**Bahrain:** This document is being distributed in Bahrain by Standard Chartered Bank, Bahrain Branch, having its address at P.O. 29, Manama, Kingdom of Bahrain, is a branch of Standard Chartered Bank and is licensed by the Central Bank of Bahrain as a conventional retail bank. **Botswana:** This document is being distributed in Botswana by, and is attributable to, Standard Chartered Bank Botswana Limited which is a financial institution licensed under the Section 6 of the Banking Act CAP 46.04 and is listed in the Botswana Stock Exchange. **Brunei Darussalam:** This document is being distributed in Brunei Darussalam by, and is attributable to, Standard Chartered Bank (Brunei Branch) | Registration Number RFC/61 and Standard Chartered Securities (B) Sdn Bhd | Registration Number RC20001003. Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18. Standard Chartered Securities (B) Sdn Bhd is a limited liability company registered with the Registry of Companies with Registration Number RC20001003 and licensed by Brunei Darussalam Central Bank as a Capital Markets Service License Holder with License Number BDCB/R/CMU/S3-CL and it is authorised to conduct Islamic investment business through an Islamic window. **China Mainland:** This document is being distributed in China by, and is attributable to, Standard Chartered Bank (China) Limited which is mainly regulated by National Financial Regulatory Administration (NFRA), State Administration of Foreign Exchange (SAFE), and People's Bank of China (PBOC). **Hong Kong:** In Hong Kong, this document, except for any portion advising on or facilitating any decision on futures contracts trading, is distributed by Standard Chartered Bank (Hong Kong) Limited ("SCBHK"), a subsidiary of Standard Chartered PLC. SCBHK has its registered address at 32/F, Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Hong Kong and is regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission ("SFC") to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Cap. 571) ("SFO") (CE No. AJI614). The contents of this document have not been reviewed by any regulatory authority in Hong Kong and you are advised to exercise caution in relation to any offer set out herein. If you are in doubt about any of the contents of this document, you should obtain independent professional advice. Any product named herein may not be offered or sold in Hong Kong by means of any document at any time other than to "professional investors" as defined in the SFO and any rules made under that ordinance. In addition, this document may not be issued or possessed for the purposes of issue, whether in Hong Kong or elsewhere, and any interests may not be disposed of, to any person unless such person is outside Hong Kong or is a "professional investor" as defined in the SFO and any rules made under that ordinance, or as otherwise may be permitted by that ordinance. In Hong Kong, Standard Chartered Global Private Bank is the private banking division of SCBHK, a subsidiary of Standard Chartered PLC. **Ghana:** Standard Chartered Bank Ghana Limited accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of these documents. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. You should seek advice from a financial adviser on the suitability of an investment for you, taking into account these factors before making a commitment to invest in an investment. To unsubscribe from receiving further updates, please send an email to feedback.ghana@sc.com. Please do not reply to this email. Call our Priority Banking on 0302610750 for any questions or service queries. You are advised not to send any confidential and/or important information to Standard Chartered via e-mail, as Standard Chartered makes no representations or warranties as to the security or accuracy of any information transmitted via e-mail. Standard Chartered shall not be responsible for any loss or damage suffered by you arising from your decision to use e-mail to communicate with the Bank. **India:** This document is being distributed in India by Standard Chartered in its capacity as a distributor of mutual funds and referrer of any other third party financial products. Standard Chartered does not offer any 'Investment Advice' as defined in the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 or otherwise. Services/products related securities business offered by Standard Charted are not intended for any person, who is a resident of any jurisdiction, the laws of which imposes prohibition on soliciting the securities business in that jurisdiction without going through the registration requirements and/or prohibit the use of any information contained in this document. **Indonesia**: This document is being distributed in Indonesia by Standard Chartered Bank, Indonesia branch, which is a financial institution licensed and supervised by Otoritas Jasa Keuangan (Financial Service Authority) and Bank Indonesia. **Jersey:** In Jersey, Standard Chartered Global Private Bank is the Registered Business Name of the Jersey Branch of Standard Chartered Bank. The Jersey Branch of Standard Chartered Bank is regulated by the Jersey Financial Services Commission. Copies of the latest audited accounts of Standard Chartered Bank are available from its principal place of business in Jersey: PO Box 80, 15 Castle Street, St Helier, Jersey JE4 8PT. Standard Chartered Bank is incorporated in England with limited liability by Royal Charter in 1853 Reference Number ZC 18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Jersey Branch of Standard Chartered Bank is also an authorised financial services provider under license number 44946 issued by the Financial Sector Conduct Authority of the Republic of South Africa. Jersey is not part of the United Kingdom and all business transacted with Standard Chartered Bank, Jersey Branch and other SC Group Entity outside of the United Kingdom, are not subject to some or any of the investor protection and compensation schemes available under United Kingdom law. **Kenya:** This document is being distributed in Kenya by and is attributable to Standard Chartered Bank Kenya Limited. Investment Products and Services are distributed by Standard Chartered Investment Services Limited, a wholly owned subsidiary of Standard Chartered Bank Kenya Limited that is licensed by the Capital Markets Authority in Kenya, as a Fund Manager. Standard Chartered Bank Kenya Limited is regulated by the Central Bank of Kenya. **Malaysia:** This document is being distributed in Malaysia by Standard Chartered Bank Malaysia Berhad ("SCBMB"). Recipients in Malaysia should contact SCBMB in relation to any matters arising from, or in connection with, this document. This document has not been reviewed by the Securities Commission Malaysia. The product lodgement, registration, submission or approval by the Securities Commission of Malaysia does not amount to nor indicate recommendation or endorsement of the product, service or promotional activity. Investment products are not deposits and are not obligations of, not guaranteed by, and not protected by SCBMB or any of the affiliates or subsidiaries, or by Perbadanan Insurans Deposit Malaysia, any government or insurance agency. Investment products are subject to investment risks, including the possible loss of the principal amount invested. SCBMB expressly disclaim any liability and responsibility for any loss arising directly or indirectly (including special, incidental or consequential loss or damage) arising from the financial losses of the Investment Products due to market condition. **Nigeria:** This document is being distributed in Nigeria by Standard Chartered Bank Nigeria Limited (SCB Nigeria), a bank duly licensed and regulated by the Central Bank of Nigeria. SCB Nigeria accepts no liability for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of these documents. You should seek advice from a financial adviser on the suitability of an investment for you, taking into account these factors before making a commitment to invest in an investment. To unsubscribe from receiving further updates, please send an email to clientcare.ng@sc.com requesting to be removed from our mailing list. Please do not reply to this email. Call our Priority Banking on 02 012772514 for any questions or service queries. SCB Nigeria shall not be responsible for any loss or damage arising from your decision to send confidential and/or important information to Standard Chartered via e-mail. SCB Nigeria makes no representations or warranties as to the security or accuracy of any information transmitted via e-mail. **Pakistan:** This document is being distributed in Pakistan by, and attributable to Standard Chartered Bank (Pakistan) Limited having its registered office at PO Box 5556, I.I Chundrigar Road Karachi, which is a banking company registered with State Bank of Pakistan under Banking Companies Ordinance 1962 and is also having licensed issued by Securities & Exchange Commission of Pakistan for Security Advisors. Standard Chartered Bank (Pakistan) Limited acts as a distributor of mutual funds and referrer of other third-party financial products. **Singapore:** This document is being distributed in Singapore by, and is attributable to, Standard Chartered Bank (Singapore) Limited (Registration No. 201224747C/ GST Group Registration No. MR-8500053-0, "SCBSL"). Recipients in Singapore should contact SCBSL in relation to any matters arising from, or in connection with, this document. SCBSL is an indirect wholly owned subsidiary of Standard Chartered Bank and is licensed to conduct banking business in Singapore under the Singapore Banking Act, 1970. Standard Chartered Global Private Bank is the private banking division of SCBSL. IN RELATION TO ANY SECURITY OR SECURITIES-BASED DERIVATIVES CONTRACT REFERRED TO IN THIS DOCUMENT, THIS DOCUMENT, TOGETHER WITH THE ISSUER DOCUMENTATION, SHALL BE DEEMED AN INFORMATION MEMORANDUM (AS DEFINED IN SECTION 275 OF THE SECURITIES AND FUTURES ACT, 2001 ("SFA")). THIS DOCUMENT IS INTENDED FOR DISTRIBUTION TO ACCREDITED INVESTORS, AS DEFINED IN SECTION 4A(1)(a) OF THE SFA, OR ON THE BASIS THAT THE SECURITY OR SECURITIES-BASED DERIVATIVES CONTRACT MAY ONLY BE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION. Further, in relation to any security or securities-based derivatives contract, neither this document nor the Issuer Documentation has been registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the product may not be circulated or distributed, nor may the product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons other than a relevant person pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA, or pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. In relation to any collective investment schemes referred to in this document, this document is for general information purposes only and is not an offering document or prospectus (as defined in the SFA). This document is not, nor is it intended to be (i) an offer or solicitation of an offer to buy or sell any capital markets product; or (ii) an advertisement of an offer or intended offer of any capital markets product. Deposit Insurance Scheme: Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S$100,000 in aggregate per depositor per Scheme member by law. Foreign currency deposits, dual currency investments, structured deposits and other investment products are not insured. This advertisement has not been reviewed by the Monetary Authority of Singapore. **Taiwan:** SC Group Entity or Standard Chartered Bank (Taiwan) Limited ("SCB (Taiwan)") may be involved in the financial instruments contained herein or other related financial instruments. The author of this document may have discussed the information contained herein with other employees or agents of SC or SCB (Taiwan). The author and the above-mentioned employees of SC or SCB (Taiwan) may have taken related actions in respect of the information involved (including communication with customers of SC or SCB (Taiwan) as to the information contained herein). The opinions contained in this document may change, or differ from the opinions of employees of SC or SCB (Taiwan). SC and SCB (Taiwan) will not provide any notice of any changes to or differences between the above-mentioned opinions. This document may cover companies with which SC or SCB (Taiwan) seeks to do business at times and issuers of financial instruments. Therefore, investors should understand that the information contained herein may serve as specific purposes as a result of conflict of interests of SC or SCB (Taiwan). SC, SCB (Taiwan), the employees (including those who have discussions with the author) or customers of SC or SCB (Taiwan) may have an interest in the products, related financial instruments or related derivative financial products contained herein; invest in those products at various prices and on different market conditions; have different or conflicting interests in those products. The potential impacts include market makers' related activities, such as dealing, investment, acting as agents, or performing financial or consulting services in relation to any of the products referred to in this document. **UAE:** DIFC - Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18.The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Standard Chartered Bank, Dubai International Financial Centre having its offices at Dubai International Financial Centre, Building 1, Gate Precinct, P.O. Box 999, Dubai, UAE is a branch of Standard Chartered Bank and is regulated by the Dubai Financial Services Authority ("DFSA"). This document is intended for use only by Professional Clients and is not directed at Retail Clients as defined by the DFSA Rulebook. In the DIFC we are authorised to provide financial services only to clients who qualify as Professional Clients and Market Counterparties and not to Retail Clients. As a Professional Client you will not be given the higher retail client protection and compensation rights and if you use your right to be classified as a Retail Client we will be unable to provide financial services and products to you as we do not hold the required license to undertake such activities. For Islamic transactions, we are acting under the supervision of our Shariah Supervisory Committee. Relevant information on our Shariah Supervisory Committee is currently available on the Standard Chartered Bank website in the Islamic banking section. For residents of the UAE – Standard Chartered UAE ("SC UAE") is licensed by the Central Bank of the U.A.E. SC UAE is licensed by Securities and Commodities Authority to practice Promotion Activity. SC UAE does not provide financial analysis or consultation services in or into the UAE within the meaning of UAE Securities and Commodities Authority Decision No. 48/r of 2008 concerning financial consultation and financial analysis**.** **Uganda:** Our Investment products and services are distributed by Standard Chartered Bank Uganda Limited, which is licensed by the Capital Markets Authority as an investment adviser. **United Kingdom:** In the UK, Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. This communication has been approved by Standard Chartered Bank for the purposes of Section 21 (2) (b) of the United Kingdom's Financial Services and Markets Act 2000 ("FSMA") as amended in 2010 and 2012 only. Standard Chartered Bank (trading as Standard Chartered Global Private Bank) is also an authorised financial services provider (license number 45747) in terms of the South African Financial Advisory and Intermediary Services Act, 2002. The Materials have not been prepared in accordance with UK legal requirements designed to promote the independence of investment research, and that it is not subject to any prohibition on dealing ahead of the dissemination of investment research. V**ietnam:** This document is being distributed in Vietnam by, and is attributable to, Standard Chartered Bank (Vietnam) Limited which is mainly regulated by State Bank of Vietnam (SBV). Recipients in Vietnam should contact Standard Chartered Bank (Vietnam) Limited for any queries regarding any content of this document. **Zambia:** This document is distributed by Standard Chartered Bank Zambia Plc, a company incorporated in Zambia and registered as a commercial bank and licensed by the Bank of Zambia under the Banking and Financial Services Act Chapter 387 of the Laws of Zambia.