



Large Indian bond market size

Liberalisation of the Indian bond market 2023 2020 2024 2025 Indian regulators Indian bonds Inclusion into India's weight in started reforms reaching a size of JP Morgan's JP Morgan's GBI-EM GBI-EM index expected to reach with Fully US\$300bn Accessible Route index in June 10% by end 2023 (FAR) securities 2024

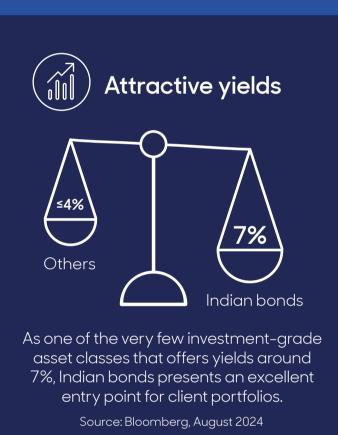
Growth of the FAR bond market



Size of Indian bonds by end 2024



India's weight in JP Morgan's GBI-EM index by March 2025



Above-inflation returns

by March 2025



Yields close to 7% are above the 6.5% policy rate. As yields come down in line with the policy rate, this would result in capital gains for bondholders, in addition to the attractive yields.



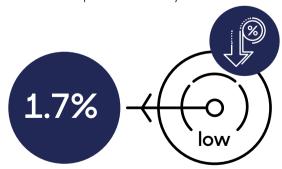
Diversification

- WTI crude oil
- Global equities
- US Treasuries
- Chinese equities
- Global treasuries
- Global high yieldGlobal aggregate
- Global aggregate: corporates
- EM USD aggregate: corporatesEM hard-currency
- aggregate: sovereigns

 EM Asia USD credit
- EM local-currencygovernment 10% country capped

Low FX volatility

The rupee is one of the world's least volatile currencies. Its one-month implied volatility was



by the end of July 2024.

Low foreign ownership

Foreign ownership of Indian government bonds is expected to rise from



but will still remain relatively low.



Strong currency

The rupee's stability is supported by more than

US\$670 billion in FX reserves.





Positive reform story

Over the past decade, important reforms, such as the new goods and services tax (of 2017) and reduced subsidies, have stabilized India's economic foundation.





