

## The Long View on India

- Structural Advantages that Stand Out
- Sustainable Foundations In Place
- The Markings of a Healthy Economy
- Enablers Driving Business Expansion & Investments
- Underpenetrated Financial Markets Powering Ahead
- The Might of the Indian Consumer



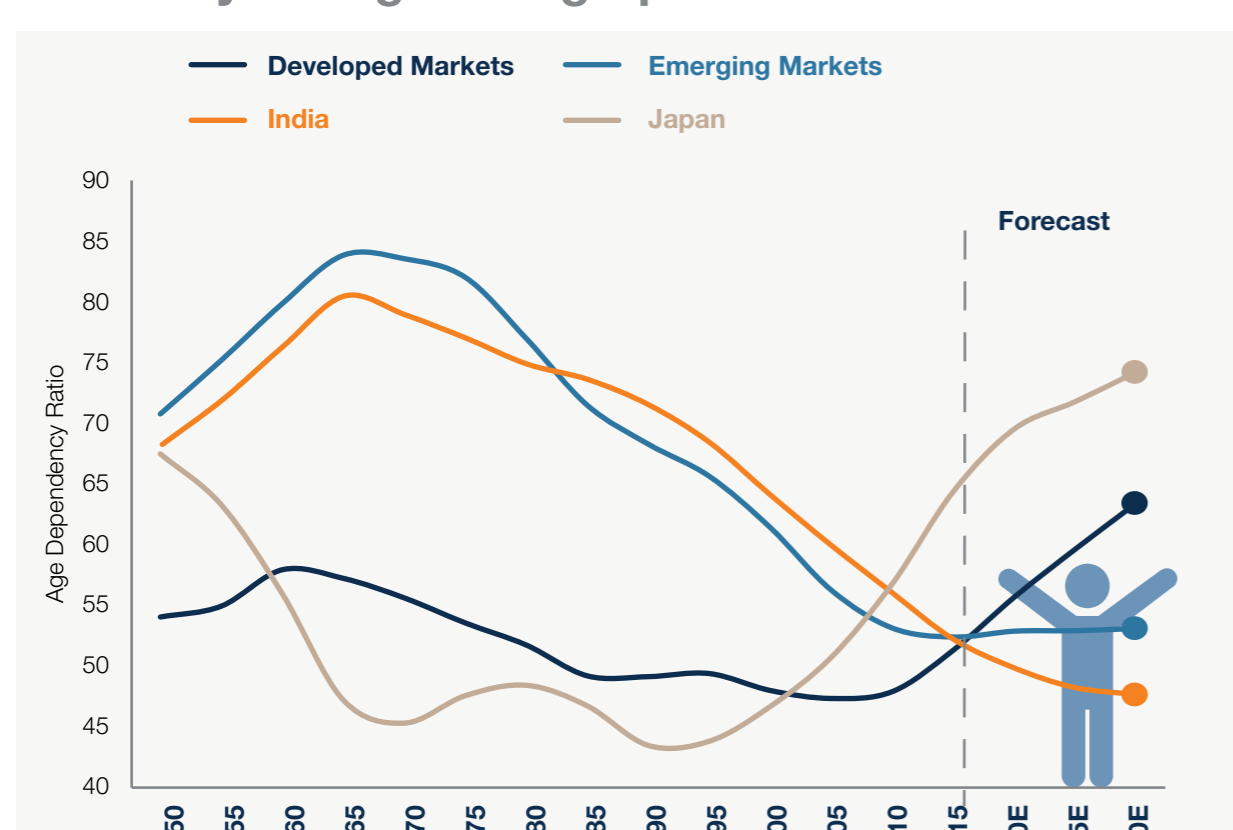
## Managing Indian Equities



### Structural Advantages that Stand Out

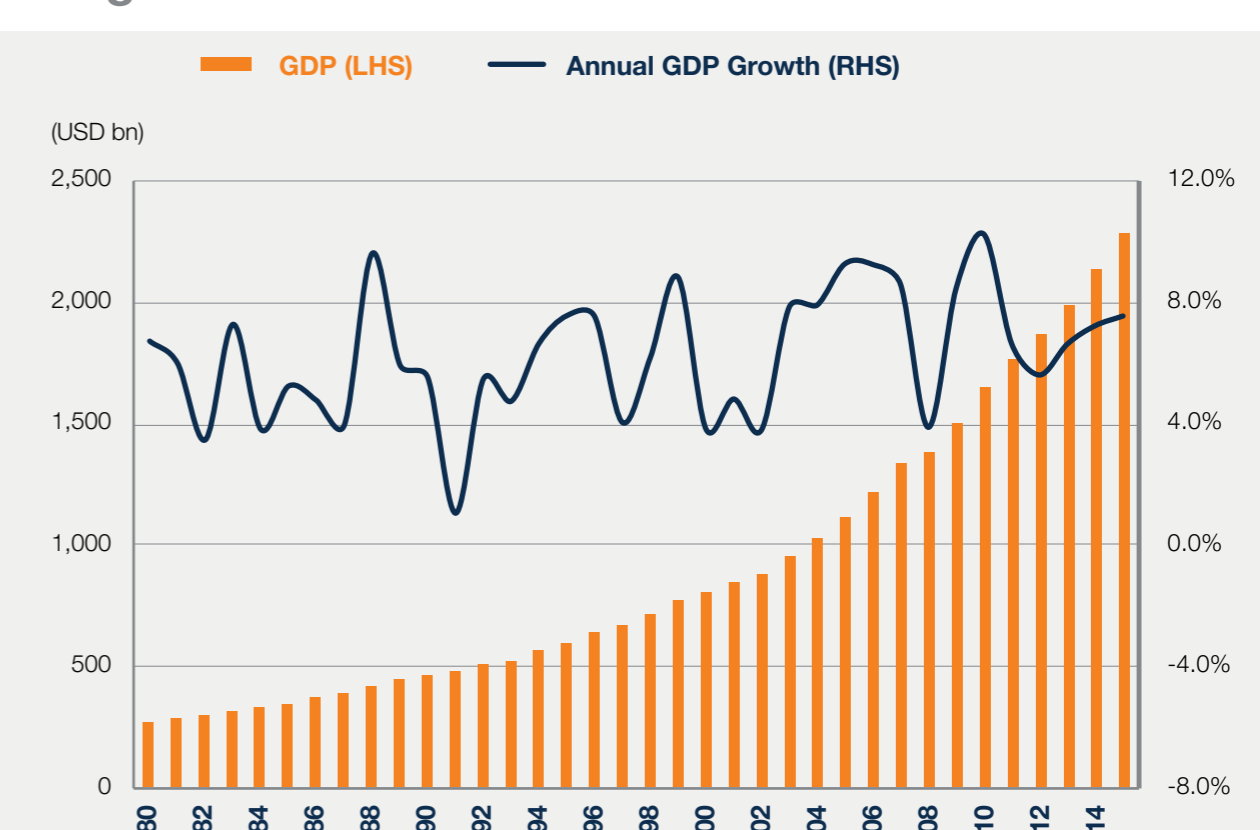
- India is the world's second-largest country of inhabitants and enjoys a relatively young population for advantageous demographics against other markets.
- Multi-decade demographic dividend for a low cost, highly productive labor force helps India realize its economic potential with growth rates that have accelerated past 7% in the past several years.

#### Positively Young Demographics



Source: UN, Department of Social Economic and Social Affairs, World Population Prospects, Mirae Asset Global Investments (2017)

#### Long-Run of GDP Growth



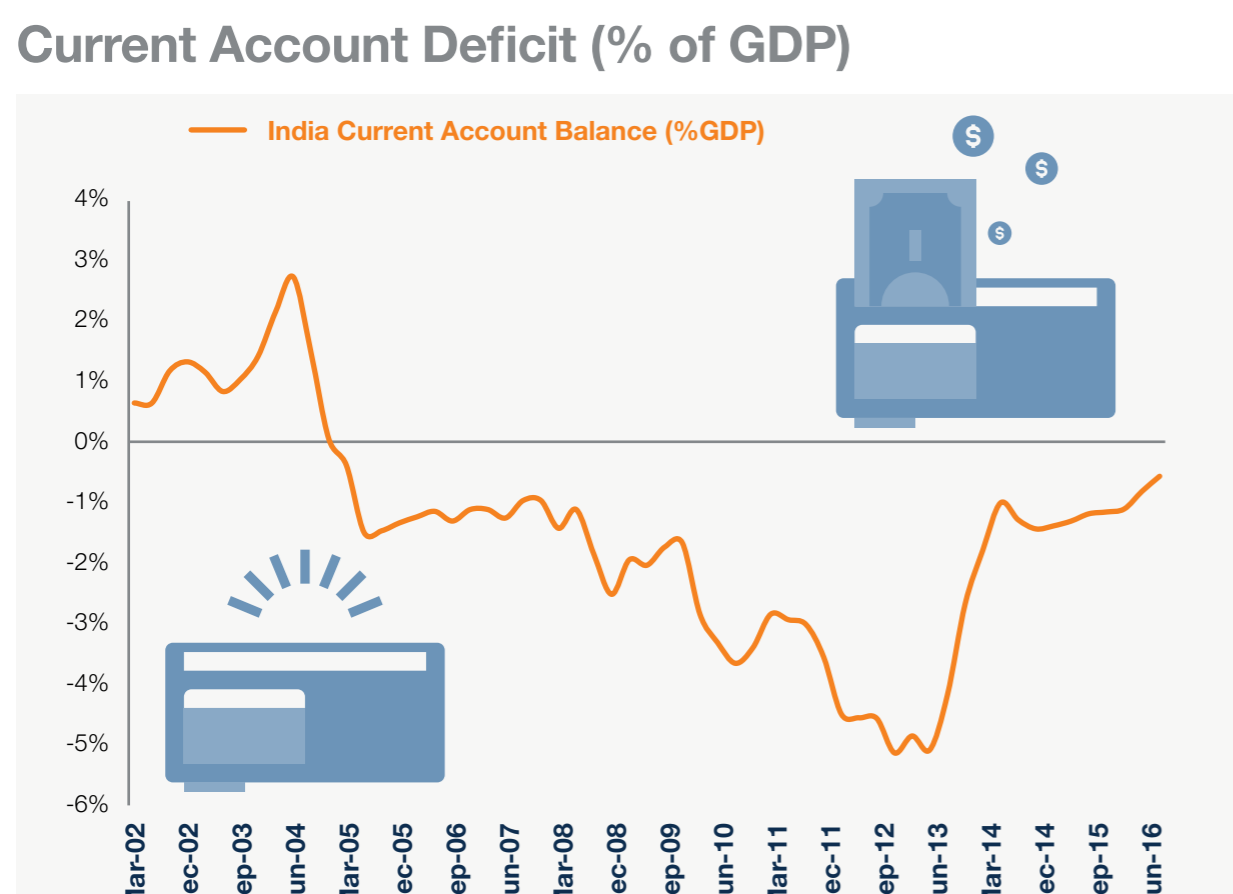
Source: World Bank Development Indicators, Mirae Asset Global Investments (2017)



### Sustainable Foundations In Place

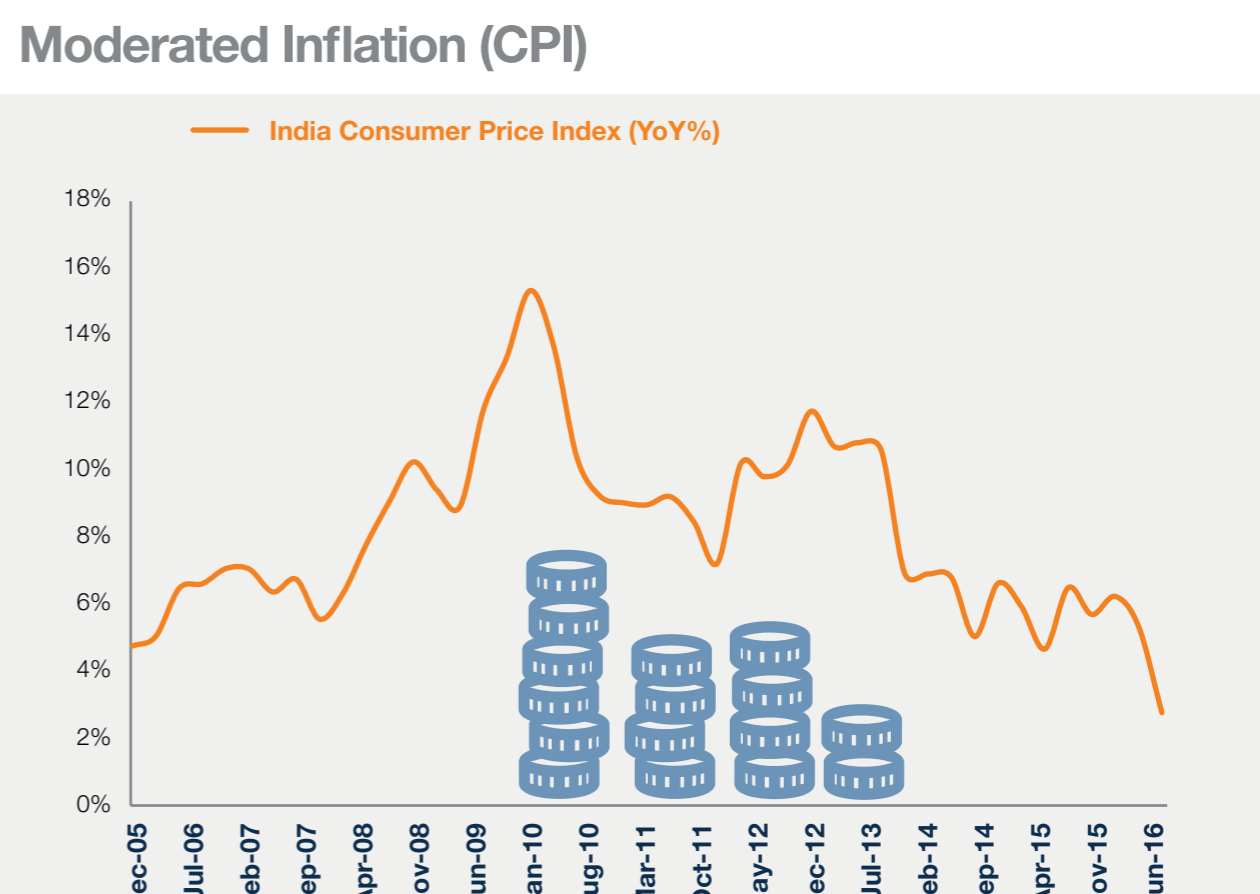
- The current account deficit (CAD) has fallen to multi-year lows on softer commodity input prices.
- Lower money supply post demonetization, strong supply management and subdued global growth prospects should allow current trajectory of lowering inflation to continue.

#### Current Account Deficit (% of GDP)



Source: Mirae Asset Global Investments, Bloomberg (2017)

#### Moderated Inflation (CPI)



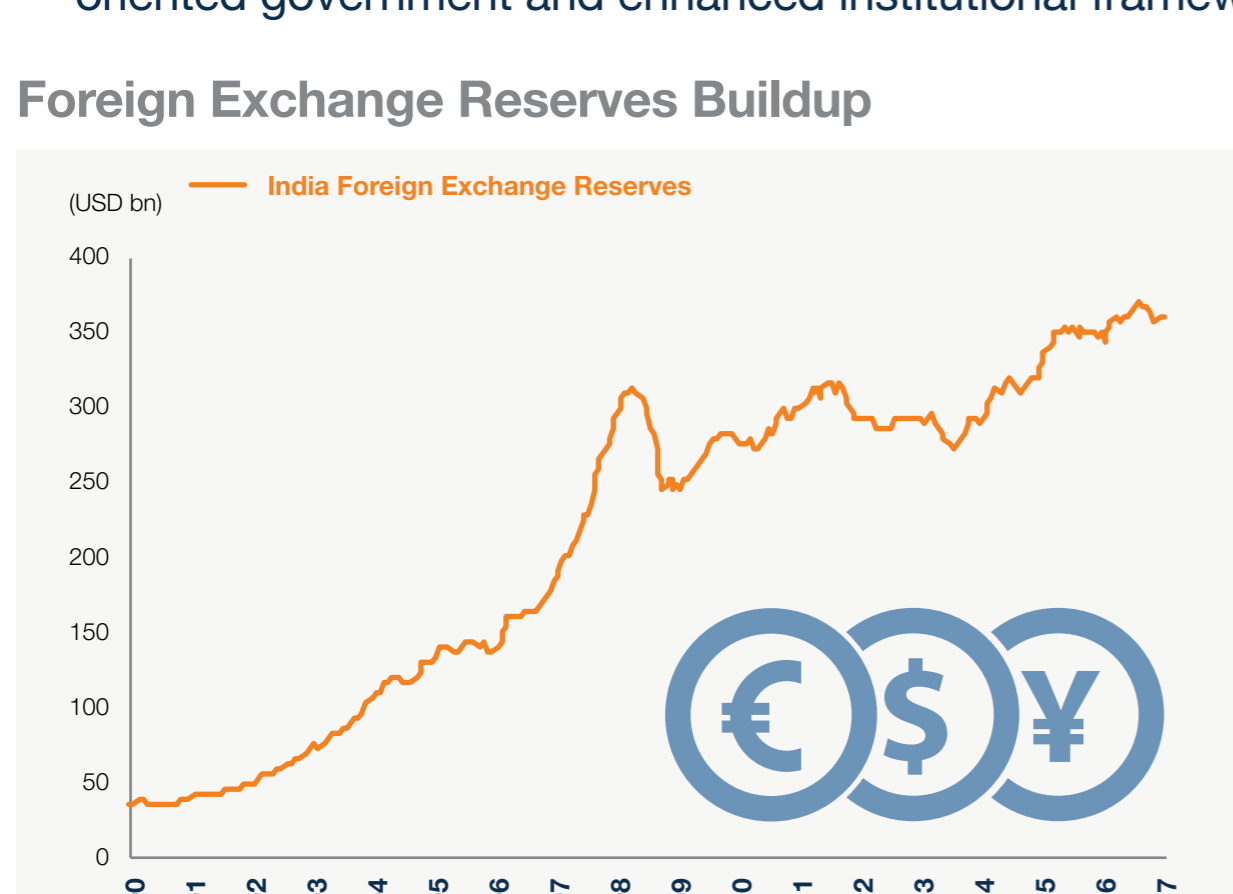
Source: Mirae Asset Global Investments, Bloomberg (2017)



### The Markings of a Healthy Economy

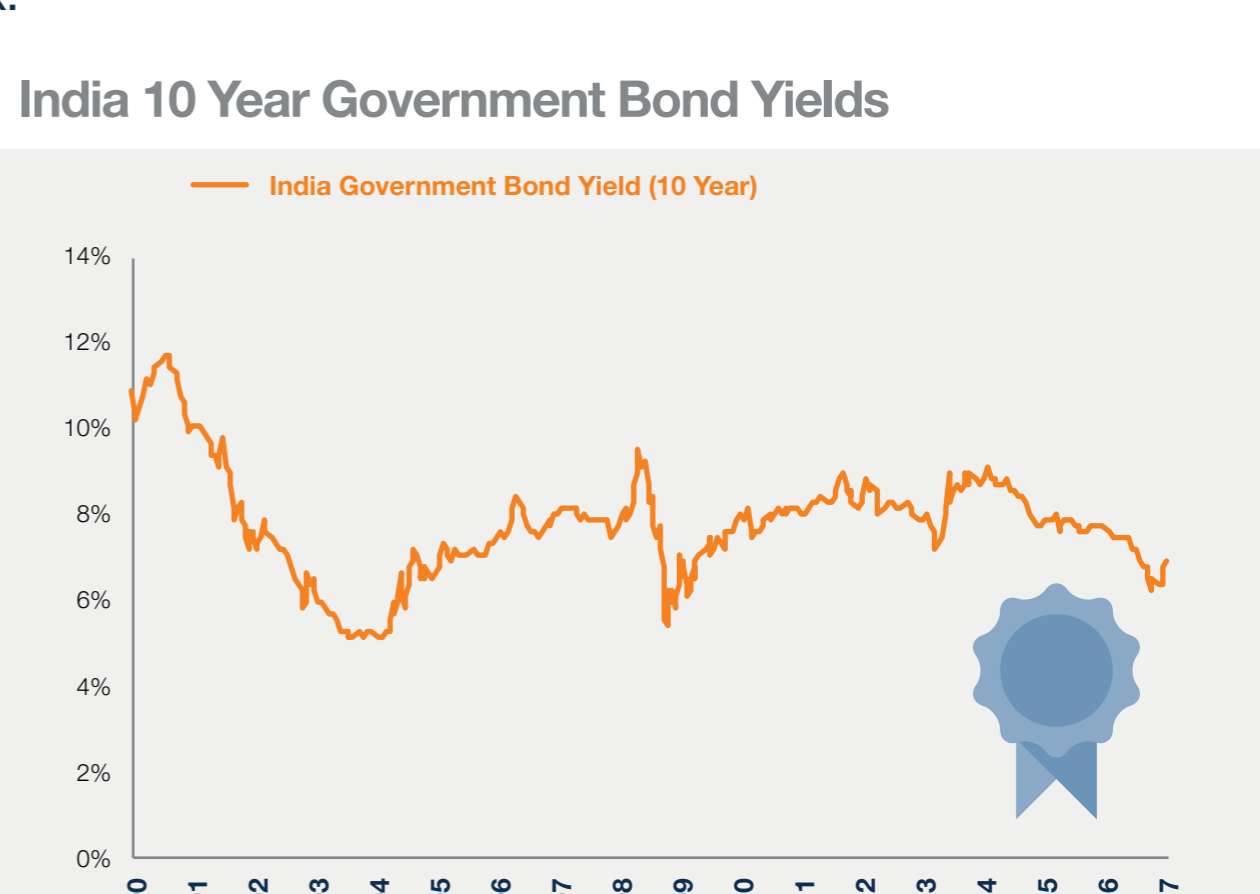
- India's foreign exchange reserves have steadily increased since the turn of the millennium, with recent years of relatively stable currency movements and foreign direct investments buoying upward for the Reserve Bank of India.
- Downtrending governmental bond yields indicate lower associated risks perceived by investors on the back of a market-oriented government and enhanced institutional framework.

#### Foreign Exchange Reserves Buildup



Source: Mirae Asset Global Investments, Bloomberg (2017)

#### India 10 Year Government Bond Yields



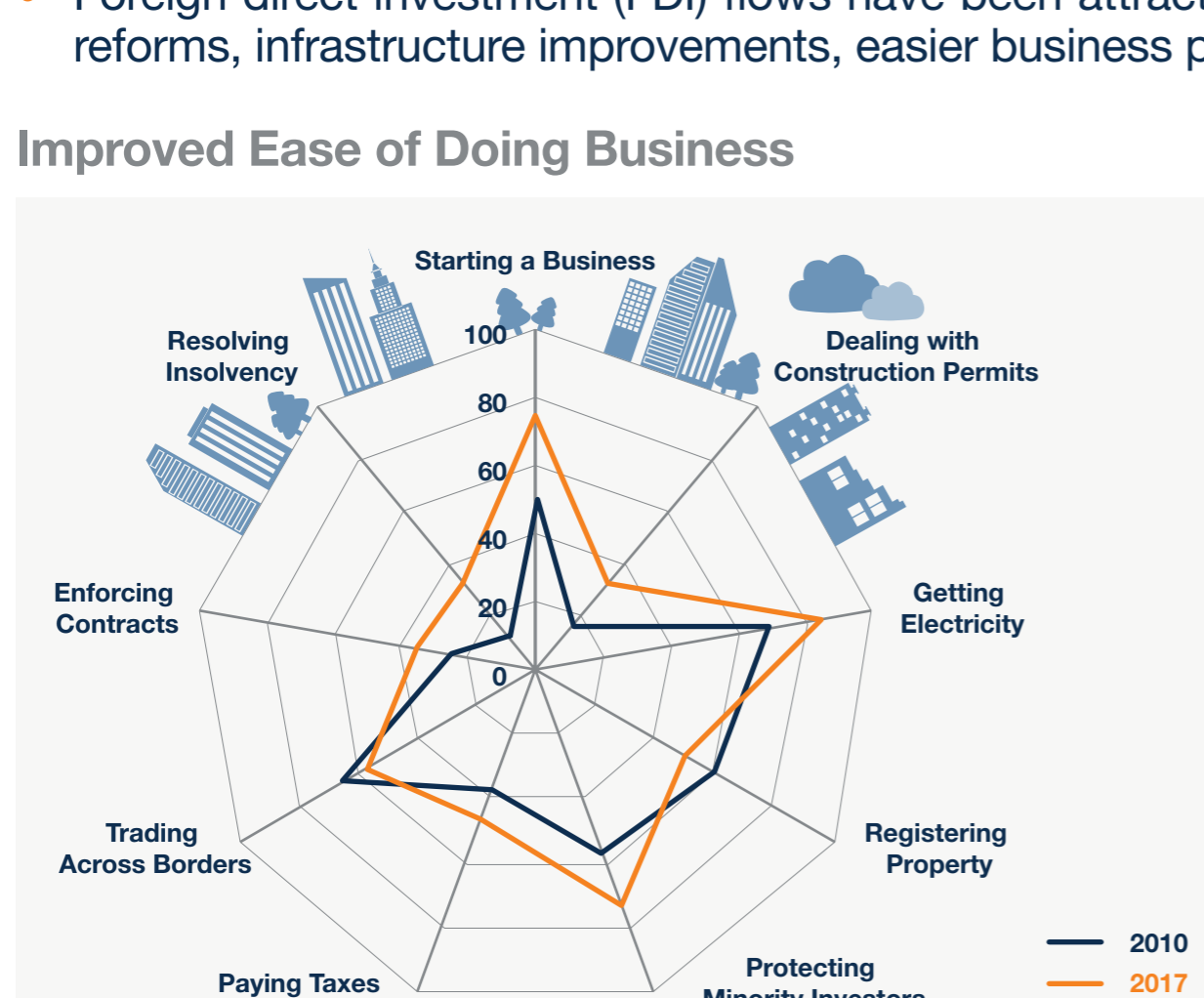
Source: Mirae Asset Global Investments, Bloomberg (2017)



### Enablers Driving Business Expansion & Investments

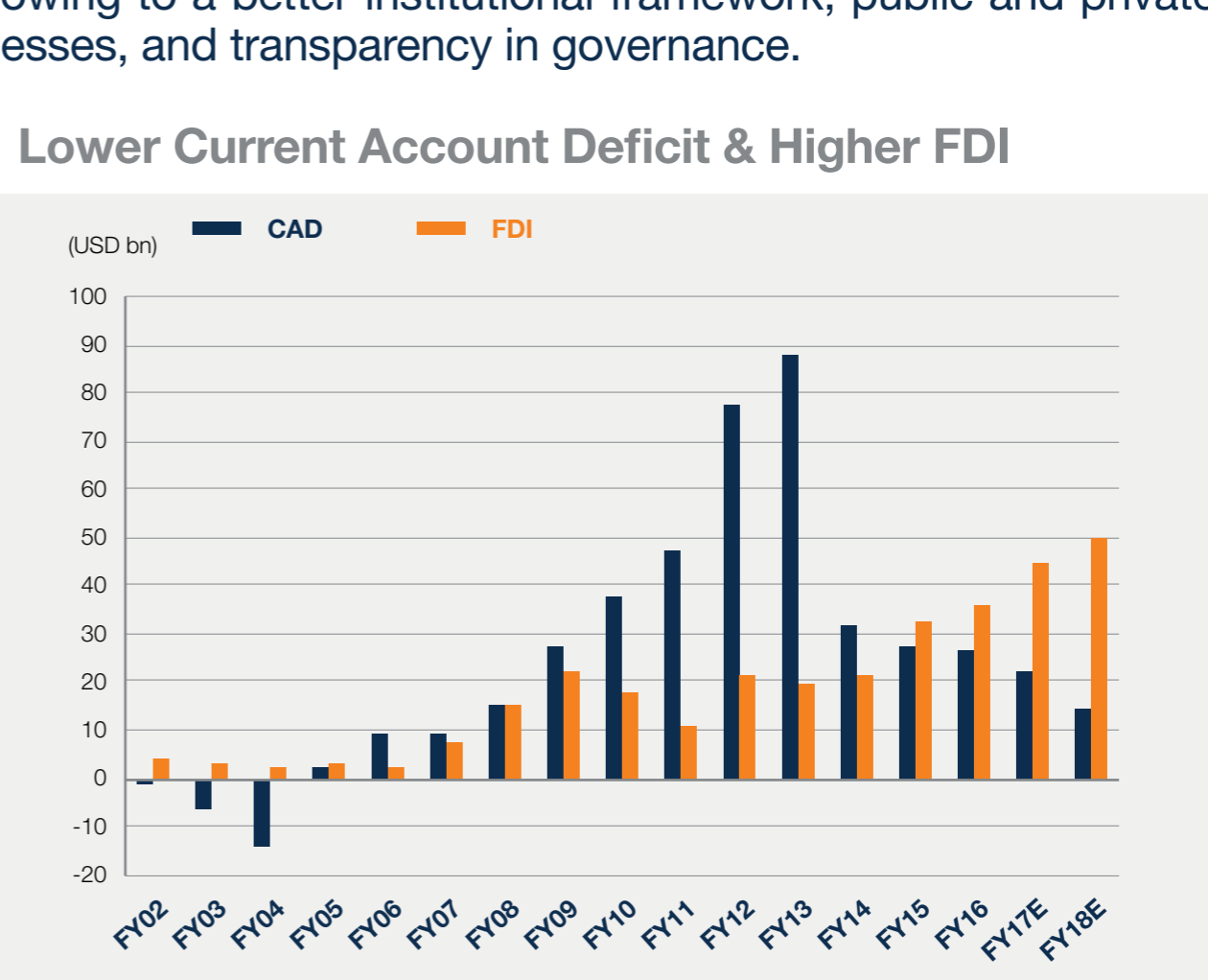
- Political and economic reforms, increased consumer and investor confidence have altogether supported India's economic growth.
- Foreign direct investment (FDI) flows have been attracted owing to a better institutional framework, public and private reforms, infrastructure improvements, easier business processes, and transparency in governance.

#### Improved Ease of Doing Business



Source: World Bank Doing Business Report, Mirae Asset Global Investments (November 2016)

#### Lower Current Account Deficit & Higher FDI



Source: CLSA, RBI, CMIE, Mirae Asset Global Investments (January 2017)



### Underpenetrated Financial Markets Powering Ahead

- The market capitalization of listed domestic firms as a percentage of GDP remains well below developed markets, continuing to mature in the years ahead.
- Listed Indian corporations have extended their topline, with a new era widely expected to be ushered in for higher earnings ahead.

#### Market Capitalization of Listed Domestic Companies

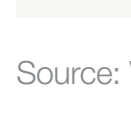


Source: World Bank Development Indicators, Mirae Asset Global Investments (2017)

#### MSCI India Earnings Per Share (EPS) Growth



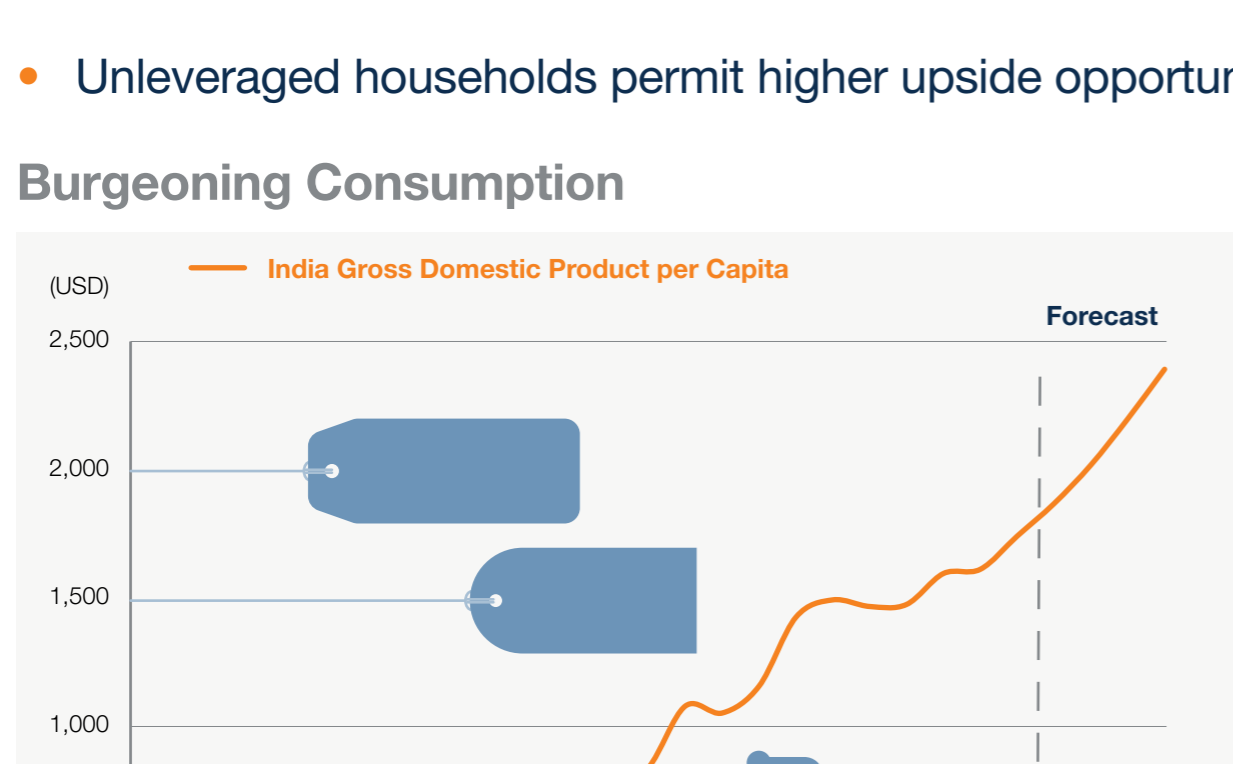
Source: Mirae Asset Global Investments, Bloomberg (2017)



### The Might of the Indian Consumer

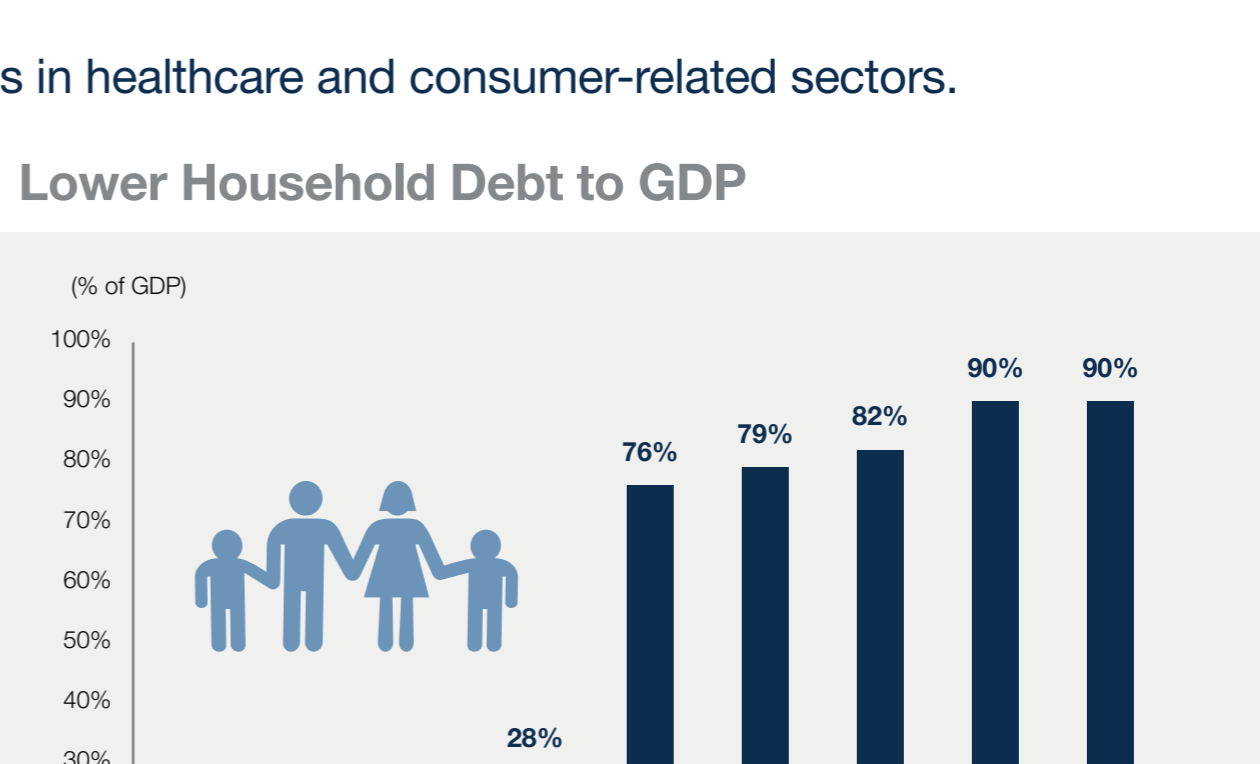
- Mirae Asset views the Indian consumption story as a long-term, sustainable and stable megatrend underpinned by the newfound purchasing power of the rising Indian middle class.
- Unleveraged households permit higher upside opportunities in healthcare and consumer-related sectors.

#### Burgeoning Consumption



Source: International Monetary Fund, World Economic Outlook Database (April 2016)

#### Lower Household Debt to GDP



Source: CEIC, Haver, Eurostat, Morgan Stanley, Mirae Asset Global Investments (June 2016)

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