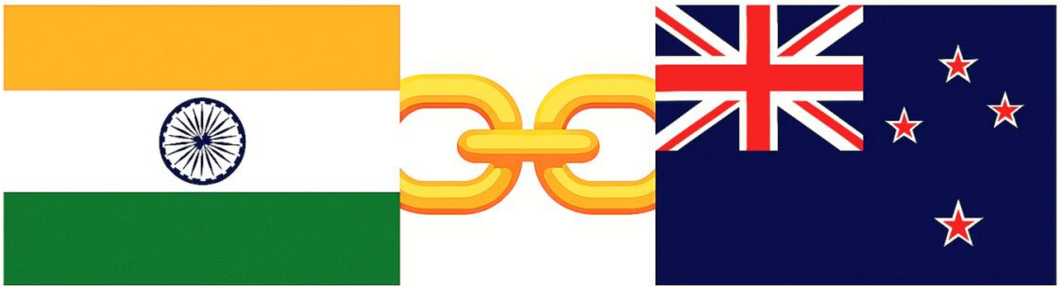

Why New Zealanders Should Consider Investing in India's Growth

India has been one of the world's most compelling investment markets for the first quarter of this century. For New Zealand investors in particular, the timing could hardly be better to consider the next quarter, particularly with the likes of Blackrock CEO, Larry Fink recently saying the next 25 years could be India's era. A combination of structural growth in the Indian economy, a landmark Free Trade Agreement (FTA) between India and New Zealand, and the diversification benefits of investing outside traditional markets all point to a strong case for allocating capital to Indian assets.

A Landmark New Zealand-India Free Trade Agreement

On 22 December 2025, New Zealand and India concluded a comprehensive Free Trade Agreement (FTA) that marks a significant milestone in bilateral economic relations. Under this agreement:

- Tariffs on 95% of New Zealand's exports to India will be eliminated or sharply reduced, with over half duty-free from day one and nearly 82% duty-free once fully phased in. This includes key export sectors for New Zealand such as forestry, sheep meat, wool and seafood.
- Indian exports to New Zealand will enjoy zero duty on all tariff lines, making Indian goods more competitive and bolstering two-way trade.
- The deal is projected to double bilateral trade over the next five years and includes commitments to spur investment flows, services market access, and strategic cooperation.

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- New Zealand has committed to facilitating up to US$20bn of investment into India over the next 15 years, creating a platform for Kiwi capital to participate directly in India's growth.

For New Zealand investors, this agreement reduces trade barriers, improves market access, and creates a firmer legal and economic foundation for deploying capital into India's markets — notably in sectors like agriculture, services, technology, infrastructure and consumer goods.

Strategic Diversification: India's Low Economic Correlation
One of the strongest arguments for New Zealand investors to consider India is diversification i.e. investing in assets that behave differently from domestic or nearby markets such as Australia.

- Research shows Indian equities have a relatively low correlation with Australian and global equities, which implies that adding Indian exposure can improve portfolio diversification and risk-adjusted returns. India's currency and growth drivers are distinct, with the country being a net commodity importer (unlike resource-heavy economies such as Australia), which helps blunt synchronized market moves with commodity cycles.
- Indian assets also display diversification benefits in global portfolios because they are less directly tied to geopolitical tensions and tariff environments impacting Western markets. Allocations to Indian equities and bonds have historically enhanced risk-return profiles when combined with developed markets like New Zealand's.
- From a macro perspective, India's rapid economic expansion, driven by domestic consumption, structural reforms, and demographics, is different in nature and timing to New Zealand's domestic-demand-led economy or Australia's commodity-linked growth, meaning India's performance can offset periods of stagnation elsewhere.

This low correlation is particularly valuable in uncertain global conditions: while New Zealand and Australian growth can be subdued during global slowdowns, India's structural tailwinds often continue to drive performance.

India's Compelling Growth Fundamentals

India's long-term growth story is rooted in deep structural advantages:

- It is one of the fastest-growing major economies, expected to become the world's third-largest economy by the end of this decade, supported by urbanisation, rising incomes and a large youth population.
- India's equity markets have expanded significantly. The National Stock Exchange (NSE) is now among the world's largest by market capitalisation, offering investors broad exposure across multiple sectors including technology, manufacturing, financial services and consumer goods.

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- Ongoing structural reforms, from liberalising regulatory regimes to investment-friendly policies, have improved business efficiency and encouraged foreign participation in the capital markets.

These fundamental drivers, combined with India's demographic dividend and growing middle class, make Indian listed companies an attractive investment theme for long-term capital.

Why This Matters for New Zealand Investors

For New Zealand investors contemplating global exposure, three key strategic rationales emerge:

1. Economic Diversification and Risk Management Investing in India, an economy with distinct drivers from New Zealand's, helps mitigate home-country risk and reduce concentration in Australasian or developed markets.
2. Enhanced Growth Opportunities India's rapid expansion, burgeoning consumer market and rising corporate earnings growth can offer return potential that materially differs from slower growth prospects in New Zealand and Australia.
3. Policy Support Through the FTA The newly concluded New Zealand-India FTA institutionalises deeper economic ties, lowers barriers to trade and investment, and provides a framework that supports long-term capital deployment.

In Summary

India presents a compelling growth story for New Zealand investors, strengthened by:

- A landmark FTA that unlocks preferential access and potential investment commitments - is a significant reminder of the recognition of India's economic importance and growing investment linkages.
- Low economic and market correlation with New Zealand and Australia, enhancing diversification benefits.
- Structural growth drivers rooted in demographics, consumption and business reform.

Taken together, these factors make India a strategic complement to a New Zealand investment portfolio, not simply another emerging market, but a differentiated engine of long-term growth.

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