



## **MEDIA RELEASE**

**19 October 2016**

**Released for: India Avenue Investment Management phone 02 8937 2487**

**Released by: Manallack PR phone 0407 334 938**

### **Investment: Is less than 1% allocation enough to the world's fastest growing major economy?**

Most Australians would have less than one per cent investment allocation to the world's fastest growing major economy, India, says Mugunthan Siva, Managing Director of Sydney-based Indian investment specialists, India Avenue Investment Management.

"India has become one of the great global growth stories and more investors from around the world are recognising the opportunities as growth elsewhere becomes increasingly scarce.

"Yet Australians have next to no exposure to what is now the world's fastest growing major economy."

Mr Siva said that the averaged superannuation Balanced Portfolio allocates around 25% to global equities; of that, around 15-25% goes to emerging markets; and of that allocation, India makes up about 8-15%. "With Australia in a low growth, low interest rate cycle, more investors need to be looking at these growth options and asking: is less than one per cent to India enough?"

India's economy received a boost when Prime Minister Modi came to office in 2014 and introduced major infrastructure projects and reforms, which has seen an influx of foreign capital and increased confidence in the nation's investment markets.

GDP has been over seven per cent (currently 7.1%), and is forecast to be the highest among the G20 economies over the next five years. "Good growth is one thing, but investors need to know that it translates to investment opportunities", Mr Siva said. "The evidence is that growth in GDP is leading to higher corporate earnings in India."

He said that over the last 25 years India has averaged a 6.8% GDP growth and a 13.7% corporate earnings growth rate – by comparison the USA has averaged a 5.8% corporate earnings growth over this time.

Mr Siva said the Indian market held other attractions aside from strong investment returns, though it has been one of the world's standout equity markets from 2013-2016. "It provides investors exposure to some of the world's biggest companies, access to broader range of sectors and a low correlation with Australia, all of which are compelling.

"India is almost the opposite of the Australian market in that it performs well when commodities prices drop, thus providing some diversification benefits for investors.



“But unlike the Australian market, it is not dominated by one or two sectors. In Australia resources and financials comprise the majority of the market. India offers a much broader range of sectors, including exposure to exciting growth companies across technology, consumer and healthcare stocks.”

**About India Avenue Investment Management:**

India Avenue is an Australian investment house dedicated to India, and is domiciled in Sydney, with a research affiliate based in Mumbai.

Retail and wholesale investors access our specialised approach via the India Avenue Equity Fund, an open-ended, unlisted fund which aims to outperform the MSCI India index.

We also provide advisory services and research to institutional investors seeking to build India-focussed exposure in their portfolios, which can be customised in the areas of portfolio construction, manager selection, operational efficiencies and more.

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