

## Why invest in Indian bonds?



### Diversification benefits

**Low correlation** with many markets\*  
and low foreign exchange (FX)  
volatility of

Indian rupee **vs** emerging market (EM)  
ex-Asia FX basket  
**4.3%** **14.7%**<sup>1</sup>

\*refer to correlation table on page 2



### Strong relative returns

Outperformed over the last  
10 years versus many asset  
classes, returning

**52.6%**  
beating EM bonds (4.1%)<sup>2</sup>



### Global index inclusion

Strong inflows of

**US\$23 billion**<sup>3</sup>

since announcement of  
J.P. Morgan GBI-EM Index  
inclusion

## Key benefits of investing in abrdn SICAV I – Indian Bond Fund



### Monthly income<sup>4</sup>

Running yield of

**7.1% p.a.**<sup>5</sup>

as of 31 December 2024



### Low volatility

Low portfolio risk of

**4.65%**<sup>6</sup>



### Ease of access

**Bypasses complex Indian  
market rules** for international  
investors

<sup>1</sup>Source: Bloomberg, emerging market ex-Asia FX basket, 1-year implied volatility, 31 December 2024.

<sup>2</sup>Source: Bloomberg, USD, Indian bonds represented by Markit iBoxx ALBI India, Global High Yield represented by Bloomberg Global High Yield, Emerging Market Bonds represented by JPM GBI-EM Global Diversified, 10 years to 31 December 2024.

<sup>3</sup>Source: National Securities Depository Limited, 30 September 2023.

<sup>4</sup>Aim at monthly distribution. Dividends are not guaranteed and may be paid out of investment income, capital gains or capital at the discretion of the Board of Directors. Any dividends paid and distributed out of the Fund's capital will result in an immediate reduction of the Fund's Net Asset Value per share.

<sup>5</sup>Source: abrdn, 31 December 2024. Running yield is the annual income on an investment divided by its current market value. The running yield of the fund is not representative of the payout yield. Past performance does not predict future results.

<sup>6</sup>Source: Bloomberg, 3-year standard deviation, A Minc USD share class, 31 December 2024.



# Portfolio benefits of Indian bonds

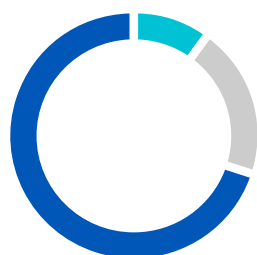


## Why investors should not ignore India's bond market

### Low correlation with other markets<sup>7</sup>

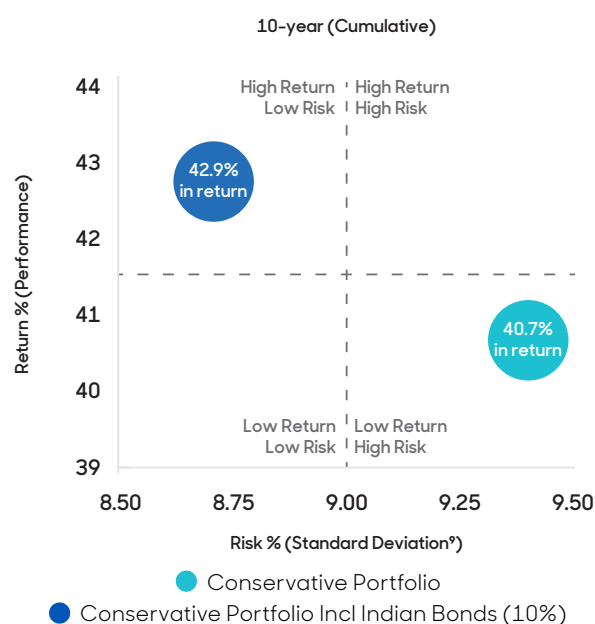
Market	Correlation to Indian Government Bonds
WTI Crude Oil	-0.15
China Bonds	0.13
US Government Bonds	0.25
Global Equities	0.30
Global Government Bonds	0.37
Global High Yield	0.38
Emerging Market USD Bonds	0.42
Asian Equities (ex-Japan)	0.45
Emerging Market Local Currency Bonds	0.54

### Allocating to Indian government bonds can complement a diversified portfolio



**Exceptionally low foreign ownership of less than 3%** accounts for its low correlation with other markets. It is difficult to sufficiently get exposure to India via other diversified strategies. India's strong fiscal performance and outlook for easing in inflation and policy rates support performance. When it comes to managing currency risk, the Reserve Bank of India deploys its substantial reserves to maintain rupee stability.

### More robust asset allocation and benefits to wealth managers: Improving risk-reward profile<sup>8</sup>



#### Better risk-adjusted returns

Indian bonds have historically **improved returns** and **reduced risk** through economic cycles

#### Diversification benefits

Robust macro conditions, policy tailwinds, and high FX reserves help **strengthen** the investment case of Indian bonds, and **diversify** from other geopolitical risks

#### Substantial inflows to continue

With the upcoming index inclusion, the inflows could **improve liquidity** and **support performance**

<sup>7</sup>Source: Bloomberg Barclays Indices, abrdn, FE, USD unhedged, correlation of monthly returns over 10 years to 31 December 2024.

<sup>8</sup>Source: abrdn, Bloomberg Barclays Indices, 31 December 2024. For illustrative purposes only. No assumptions regarding future performance should be made.

<sup>9</sup>The standard deviation of returns is commonly used as a measure of risk for investments. Past performance does not predict future results.



## Is India the new China?

Underpinned by government support, China's capital markets have served as a valuable portfolio diversifier for years. Now the baton is passing to India. India's government bond market is the

# 2nd largest sovereign market

in Asia ex-Japan and its local currency bond market is among the most liquid in emerging markets with a

# US\$2.69 trillion

market size.<sup>10</sup>

Indian bonds have a low correlation with China equities (0.3)<sup>11</sup> and offer a

## competitive yield

# 7.1%<sup>12</sup>

over

## China bonds

# 2.5%<sup>12</sup>

while the Reserve Bank of India uses its sizable FX reserves to maintain currency stability.

## Fund facts



Awarded by Asian Private Banker  
Asset Management Awards for Excellence 2025  
for Highly Commended Asia Pacific Bond<sup>13</sup>

Fund manager(s)	Asian Fixed Income Team	
Fund launch date	1 Sep 2015	
Share class availability	A Acc Hedged SGD	LU2730792970
	A Acc SGD	LU2730792897
	A Acc USD	LU1254412205
	A Gross MIncA Hedged SGD	LU2675280809
	A Gross MIncA SGD	LU2730792624
	A Gross MIncA USD	LU2675280981
	A MInc USD	LU1254412114
Base currency	US Dollar	
Subscription fee	Up to 5%	
Investment management fee	1% per annum	
Minimum initial investment	USD500, or currency equivalent	
Distribution frequency	Aim at monthly distribution (where applicable) <sup>14</sup>	

<sup>10</sup>Source: Clearing Corporation of India Limited, Securities and Exchange Board of India, 31 December 2024.

<sup>11</sup>Source: Bloomberg Barclays Indices, abrdn, FE, USD unhedged, correlation of monthly returns over 10 years to 31 December 2024.

<sup>12</sup>Source: abrdn, TradingEconomics, running yield of Markit iBoxx ALBI India and FTSE Chinese Government Bond, 31 December 2024. A positive yield does not imply a positive return.

<sup>13</sup>Source: Asian Private Banker, 2025.

<sup>14</sup>For share classes A Gross MIncA Hedged SGD, A Gross MIncA USD, A Gross MIncA SGD and A MInc USD only.

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