



Structural Opportunities in Emerging Markets: India



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Ready for a New Cycle?

Underpriced, Overlooked, and Driving Global Growth

- In the 2001-2010 EM bull run, EM soared +344%, leaving US large caps behind
- Over the past 10 years, the MSCI Emerging Markets Index has only outperformed the S&P twice
- Ingredients for a new cycle: History rhymes

Ingredients



Low positioning



A weaker US dollar

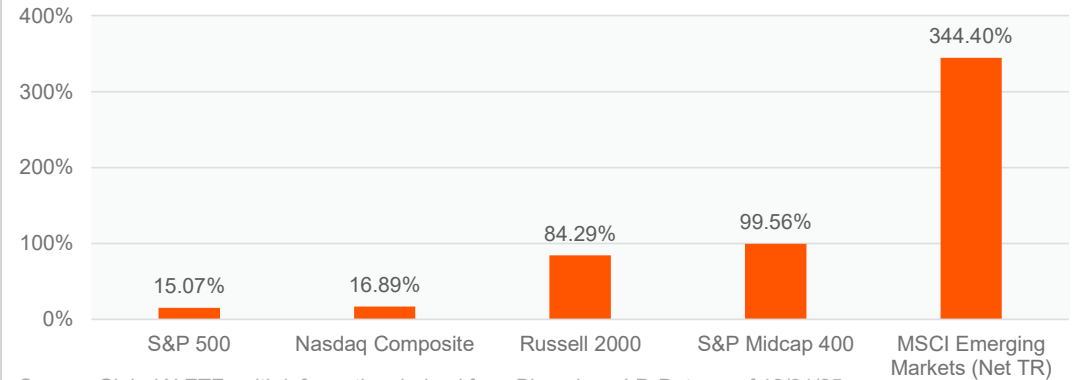


Incremental growth divergence



Renewed strength in China

10 Year Cumulative Intex Total Returns Jan 1,2001 - Dec 31 2010



Source: Global X ETFs with information derived from Bloomberg LP. Data as of 12/31/25.

Positioning

Indexing EM and the S&P Over Time



Source: Global X analysis of Bloomberg Data as of 4/21/25

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Why India?

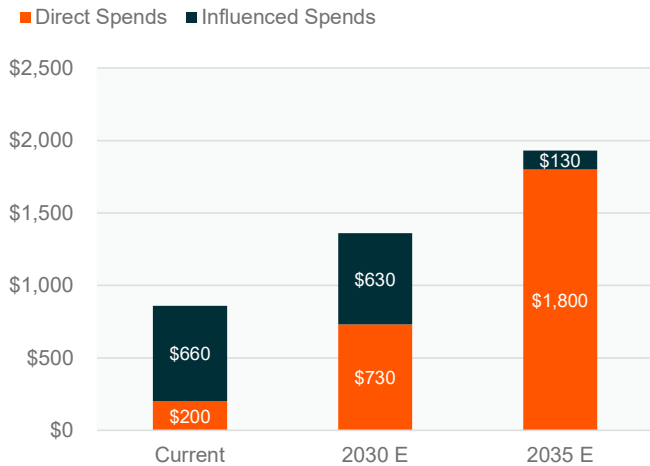
- **Multiple Potential Growth Catalysts:** We see a strong secular growth story based on (1) attractive demographics, (2) a market friendly and democratically elected government, (3) supply chain diversification away from China, (4) a fast-growing middle class, and more.
- **Expected Demographic Dividend:**
 - The country now has the world's largest general and youth populations, with nearly 60% of people below 35 years old.²
 - Youth literacy rate at roughly 97%.³
 - India was expected to have the second most university graduates second largest group of STEM graduates in the world last year.⁴
- **Key Structural Reforms:** Improvements include: the United Payments Interface (UPI), the national digital payment system that has facilitated digital transactions; Aadhaar, which has allowed for unique customer identification; and the Goods and Services Tax (GST), which has simplified cross-state shipping – allowing e-commerce competition to flourish. India's reduced corporate tax rates⁵, production linked incentive programs, and the Make in India Program all continue to improve the ease of doing business.
- **Low Correlation to the US and Low Beta to EM:** India's beta to EM has fallen to ~0.5 from nearly 0.8 from 2018-2020 due to improved macro stability and reduction in dependence on global capital market flows to fund the CAD.⁶

¹Source: The Guardian. (2023, Apr 24). India Overtakes China to Become World's Most Populous Country. ²Source: US Census Bureau as of 01/27/2026. ³Source: World Bank Data for 2023 as of 01/27/2026. ⁴Source: Business Day (2025, Feb 22). Here are 7 countries churning out most STEM graduates. ⁵Source: KPMG (2025, Feb 03) India: Tax measures in budget 2025-2026. ⁶Source: BBG data as of 12/31/2025.

India Economy: Powerful Demographic Dividend

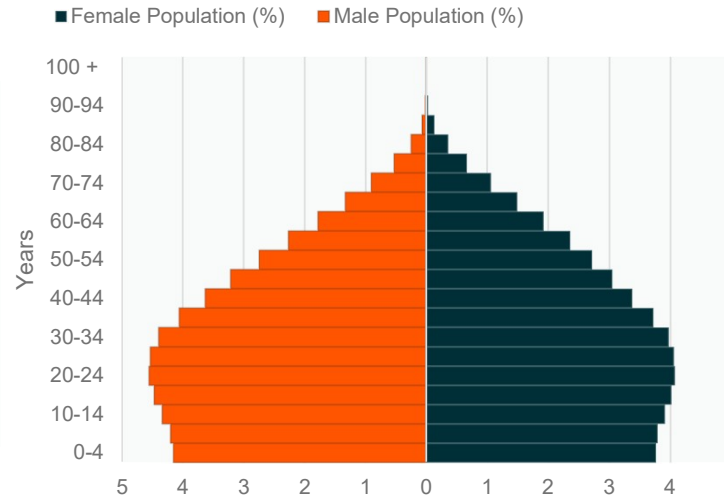
- **Young:** India is expected to add ~25% of world’s working-age population¹.
- **Large:** India surpassed China’s population as it reached over 1.4bn people in April, 2023 according to the UN
- **Capacity:** In India, Gen Z population of 377mn is expected to make up as much as 46 percent of Indian consumer spending - the equivalent of \$1.8 trillion dollars by 2035.²

Split of Gen Z Spending Power (in bn)



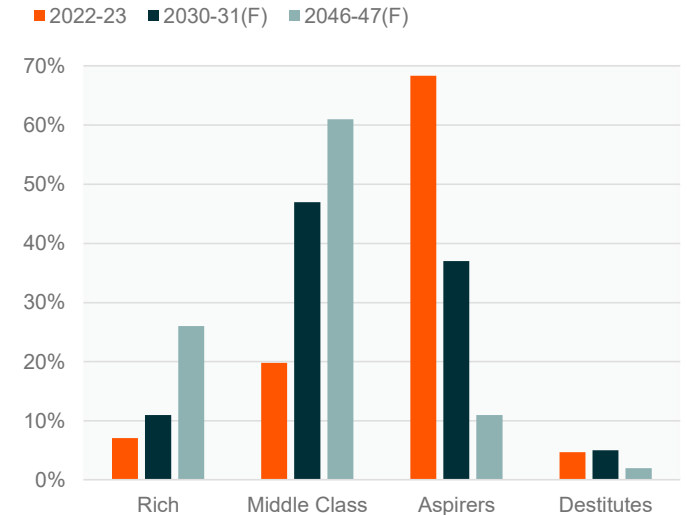
Source: BCG Data – Direct Spends are made by working Gen Zers with their own money; Influenced Spends are made by dependent Gen Zers who influence product/brand choice. October 2024.

India Population Pyramid 2025F



Source: US Census Bureau, as of January 2026

Distribution of Households by Income Level



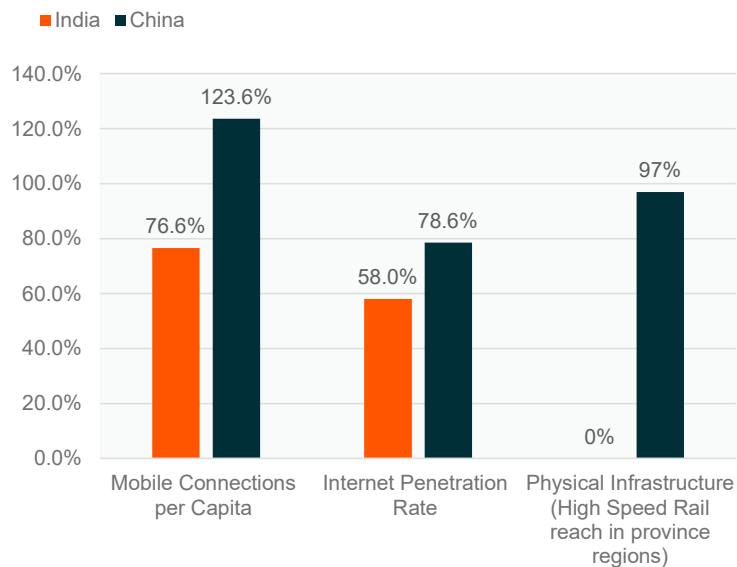
Source: PRICE ICE 360. Surveys, August, 2024
F = Forecast.

¹Source: The Economic Times – Working-Age Indian population rising; expected at around 64% in next census: SBI Research. September 24, 2024.² Source: Statista on October 22 2024.

India Economy: Underpenetrated Market with Long Term Growth Potential

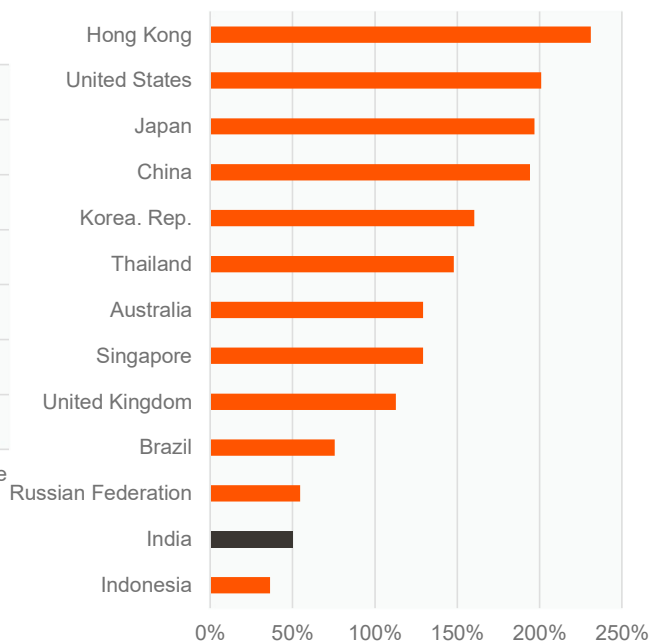
- **Penetration:** India is also underpenetrated compared to neighboring China, and many other EM and DM markets. We see a catch-up opportunity on the back of positive Government led reforms

Despite similar populations, India lags China



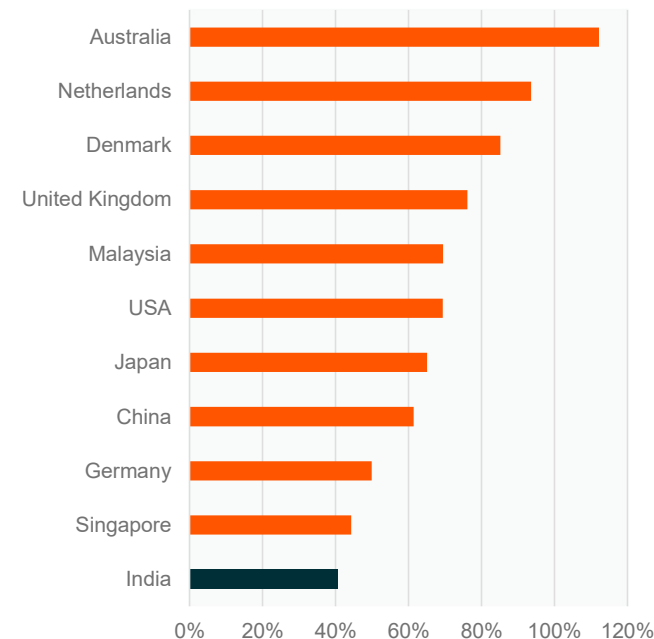
Source: DataReportal accessed on February 24 2025, Reuters accessed on March 28 2025, The Economic Times accessed on January 16 2025, ORCA (organization for research in China and Asia) (HSR – High speed railroad – reaches 33/34 China's province-level regions) in July 2024, The Times of India on June 11 2025.

Domestic Credit to Private Sector has scope to improve: (% of GDP)



Source: Most recent available data per World Bank Development Indicators accessed on January 27 2026

Mortgage Market is Underpenetrated (Household Debt % of GDP)



Source: Most recent available data per IMF Global Debt Monitor data as of January 27 2026

India Economy: Structural Reforms

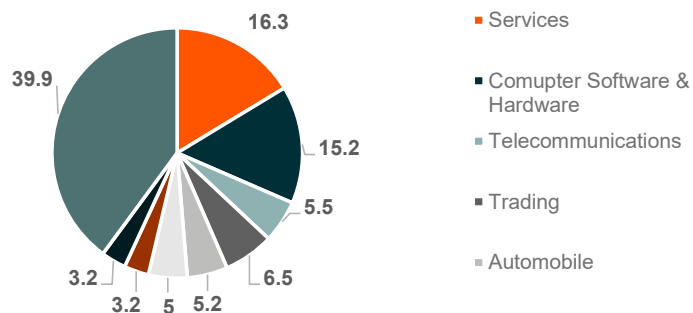
Shifting Policies to Lift Productivity	
Digital Economy	Demonetizing over 80% of the currency in circulation – was a short-term negative in 2016, but a long-term positive move
Aadhaar	The world's largest biometric ID system, which has documented the identities of more than 94% of India's population and gave millions of Indians direct access to government subsidies without having to rely on middlemen, the ability to access affordable formal financial services for the first time, and a way to prove their existence for things such as voting, free education, jobs etc.
Introduction of GST	Goods and Services Tax council (GST) discourages registered businesses from dealing with unregistered entities in the informal sector. Transformed India's 29 states into one market with one set of tax rates
Lower Corporate Tax Rate	In September 2019, the Government lowered the corporate tax rate from 30% to 22%. ¹ As the economy is now in its post-Covid recovery, a firming demand outlook coupled with a lower tax rate can give firms greater visibility and confidence to invest. The Government also announced a reduction in corporate income tax rate for foreign companies from 40% to 35% in August 2024. ²
Production Linked Incentive Schemes	First introduced in March 2020 and then expanded in November 2020, this scheme will attract manufacturing investment into India. India's share in global FDI has risen to ~3.1% in 2023, vs. an average of ~1.4% from 1993-2023. ³
Make in India Program	Increase jobs & share of manufacturing/GDP, indigenize a fourth of its non-oil imports, curtail its trade deficit with China, and setting up a single window clearance system to seek all regulatory approvals for firms wishing to setup manufacturing units in India. This would go a long way in simplifying the current system involving approvals/licenses from up to 35 different ministries/departments. ⁴
Land Acquisition	Acquiring large contiguous land has historically been an issue in India given fragmented land ownership & lack of authentic ownership records. Government now pushing to ease the land acquisition issue
Ease of Doing Business	India's ease of doing business has seen one of the most drastic improvements from 142 nd in 2014 to 63 rd in 2020 (World Bank) as the Government launched an ambitious regulatory reform program. ⁵

¹Source: The Time of India: Mini-Budget after Budget: Government slashes corporate tax rates to boost economy, investments. 09/20/2019. ²Source: UN Trade & Development: India – Cuts corporate income tax rate for foreign companies. August 16, 2024. ³Source: TheGlobalEconomy.com India: Percent of world FDI. Accessed 01/27/26 ⁴Source: Make in India: EASE OF DOING BUSINESS. Accessed 01/27/26 ⁵Source: The World Bank: Ease of doing business rank . Accessed 01/27/26.

India Economy: Beneficiary of global supply chain diversification

- **Nearshoring:** India is likely to benefit from nearshoring trends as the world looks to decouple from China and companies move to diversify their supply chain to reduce political risks
- **Foreign Direct Investment (FDI):** The Government has put in place an investor-friendly Foreign Direct Investment (FDI) policy, under which most sectors are open for 100% FDI through the automatic route. As a result, FDI inflows have seen a steady rise—from USD 36.05 billion in FY 2013–14 to USD 80.61 billion in FY 2024–25, marking a +13% increase from USD 71.28 billion in FY 2023–24.¹
- **Trade Deals:** India has been discussing trade deals with several countries and recently signed FTAs with the UK, New Zealand, Oman and most recently the EU. After nearly 20 years of discussions the EU, their largest trade partner, India will see a cut in tariffs on ~99.5% of Indian exports to the EU.² Furthermore, we are optimistic on the recent trade deal with the US.

Total FDI Flows in the manufacturing subsectors (April 2000 – August 2025, bn)

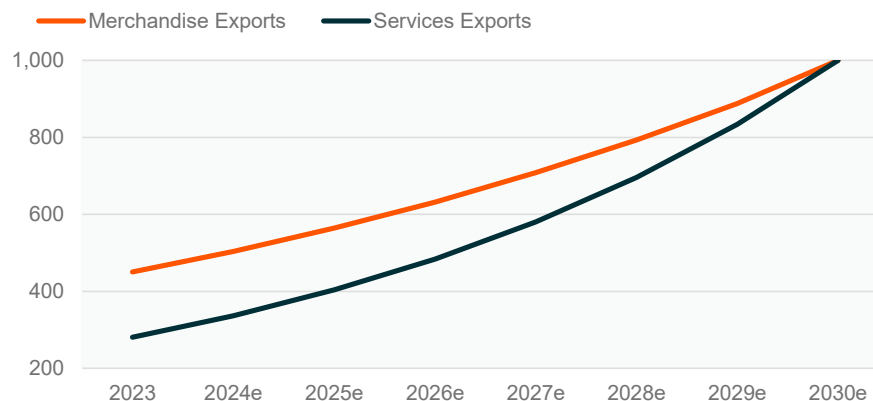


Source: Ministry of Commerce & Industry, as of January 2026 by PIB Delhi

¹Source: India Brand Equity Foundation. January 2026.

²Source: Reuters: India, EU reach landmark trade deal, tariffs to be slashed on most goods. January 27, 2026

India is Targeting \$2tn in Exports by 2030 split between Merchandise and Services implying 12% and 16.6% annual growth rates

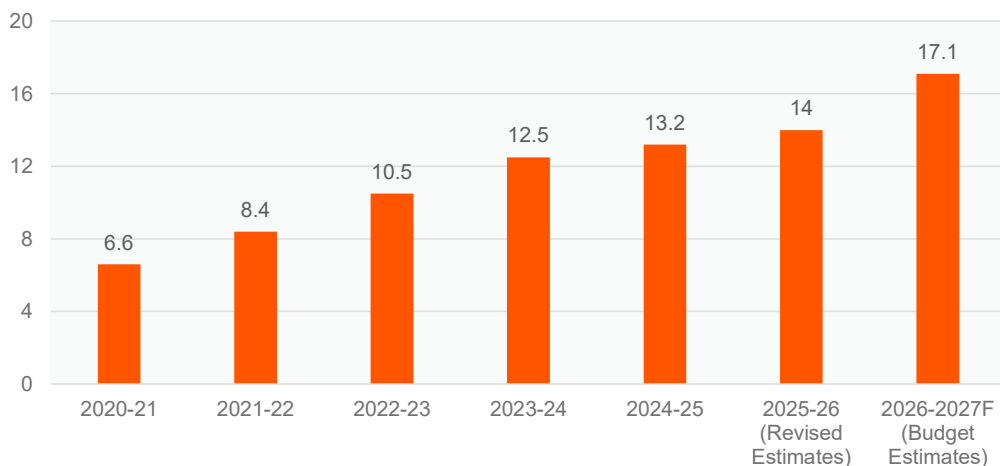


Source: The Deccan Herald. Union Budget 2024: Government to set up e-comm hubs to promote exports. Estimates by Global X based on targets as of 07/23/24. E= Estimates

India Economy: Capital Expenditure Would Boost Growth

- **Spending:** The central government will spend around Rs 17.1Tn on longer-term capital expenditure in 2026/27 as part of the strategies to reactivate economic growth. This is the highest outlay for capex ever and represents a growth of ~22% in this area compared to previous disbursements and which will constitute ~4.4% of GDP¹.
- **With a Balanced Budget in Mind:** In addition, the Finance Minister is positive about a significant reduction in the fiscal deficit for 2025/26 at 4.40% of GDP and set a new target of 4.30% of GDP for 2026/27. The lowest figure since 2020². This factor allows the central government to increase capital expenditure and improve the fiscal data.

Capex Expenditure – Budget Estimates (Rupees (Rs) Tn)

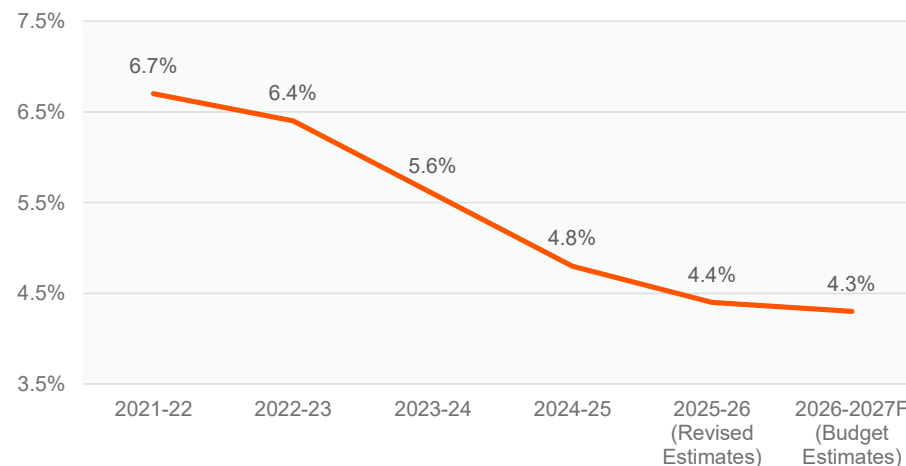


Source: Press Information Bureau India, February 2026

¹Source: Indiabudget.Gov, February 01, 2026.

²Source: Press Information Bureau India. February 01, 2026

Fiscal Deficit – Forecasts (% GDP)

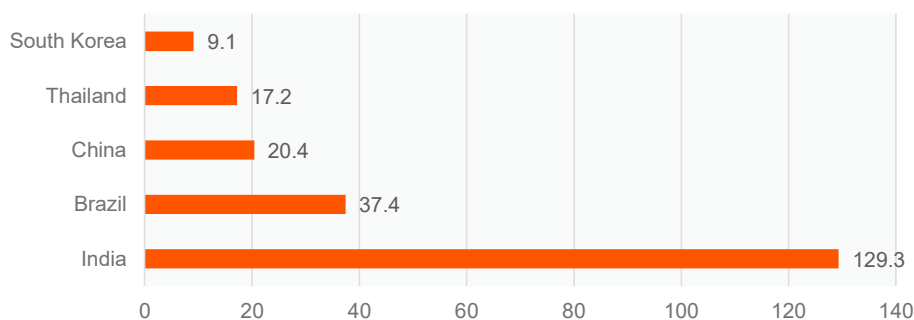


Source: Press Information Bureau India, February 2026

India Economy: A Digital Revolution

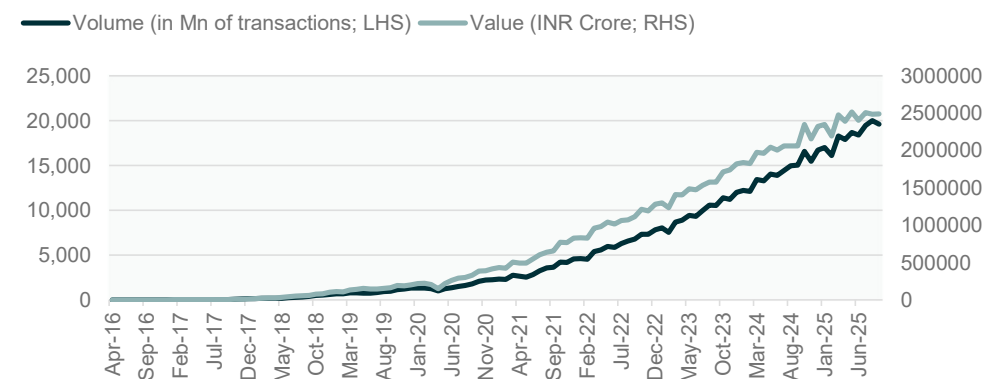
- The India Tech Stack:** India launched its “Digital India Program” in 2015, which has driven “new economy” sectors from ~5% to ~15% of gross domestic product (GDP).¹ The India Tech Stack has three pillars (1) Identity, which is based on initiatives like Aadhaar a unique digital identity program that allows millions to access essential services. (2) Payments, based on Universal Payment Infrastructure (UPI) it helps formalize the digital economy by deepening financial inclusion. (3) Data, which is based on an account aggregator framework that manage data-sharing across different institutions, which solves the common issues of a lack of collateral and/or non-standard loan requirements
- The Opportunity:** India accounts for 49% of the real-time transactions market;⁴ it has the third largest start-up ecosystem in the world with more than 123k start-ups and a record 127 “unicorns” – those startups with a value of over US\$1bn – worth more than a combined US\$390bn.² Furthermore, India is expected to have the second largest cohort of online shoppers by 2030 with over 500mn, and we expect more companies to continue coming to market across industries from fast-moving consumer goods to rural micro-finance.³

Top 5 Countries Ranked by Real Time Payments Transactions (bns)



Source: ACI Worldwide, December 2024

UPI Growth Since Inception

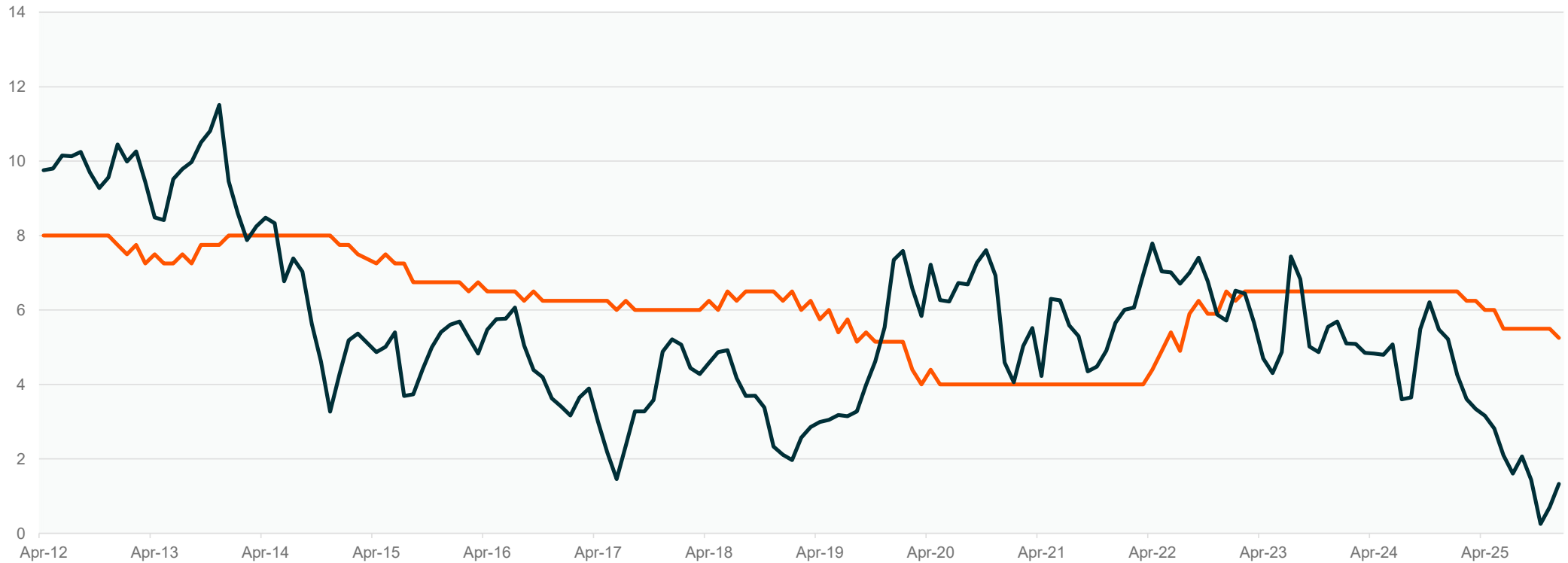


Source: NPCI, January 2026

¹Source: CEIC, National Sample Survey Office of India, and Global X Estimates as of December 31, 2024. ²Inc42: Indian Unicorn Tracker: Funding, Investors, Revenue And More, January 23, 2026. ³IBEF: E-Commerce Industry Report January, 2025. ⁴ The Times of India: Digital dominance: UPI tops global real-time payments with 49% share; govt cites IMF report in Lok Sabha December 08 2025

India Market Discussion: Prudent Monetary Policy

— India Key Rate — India Inflation (Y-o-Y)



Source: Bloomberg as of 12/31/25.

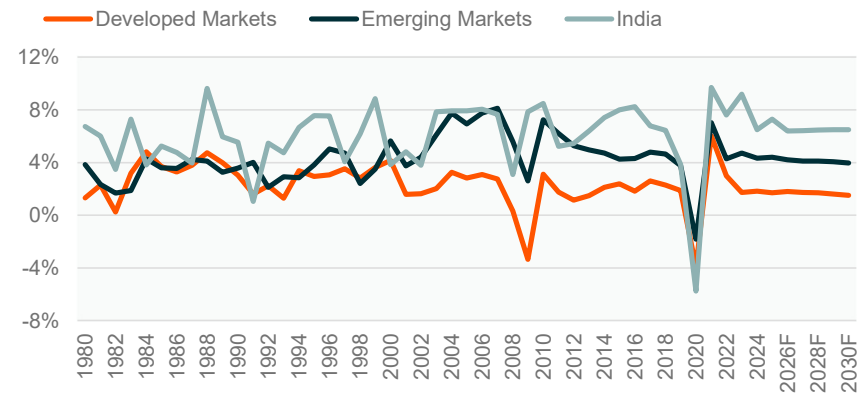
India Economy: Growth Outlook

- **GDP = Private Consumption + Government Spending + Private Investment + Net Exports**
- **Growth:** India has the potential to be the world's third largest economy by the end of this decade, with its GDP expected to surpass \$6 Trillion by 2030, which could result in its expected weight in the MSCI EM index climbing above 25% (vs current ~15.3% weight) before the end of this decade on market capitalization and GDP growth trends.¹

India's Growth Drivers to 2030:

- 1) **Consumption:** The Indian middle class projected to have the second largest share in global consumption by 2030 at 17%². Private Final Consumption Expenditure is up 7.9% y-o-y from July-September 2025.³ Rural wage growth (adj for inflation) is at its highest in four years (as of FY25).⁴
- 2) **Investment in manufacturing:** India's manufacturing sector is expected to contribute 16-17% of GDP in FY25 and to increase to 25% of GDP in the coming years.²
- 3) **Offshoring:** The office to the world. An estimated 2.1 million people in India are working for foreign companies, with the GCC sector on track to employ over 3.1mn people by 2030.⁵
- 4) **Energy Transition:** Consumption and energy sources changing simultaneously, with knock on benefits from improvement in terms of trade and lower headline inflation volatility

Stable GDP Growth ~6% Per Annum; Above Both EM and DM



Source: Source: IMF January 2026 Update and forward projections
F = Forecast

¹Source: Statista data as of 02/02/2026. ²Source: IBEF, Indian Manufacturing Industry Analysis, 11//2025. ³Ministry of Statistics Press Note on Quarterly Estimates of Gross Domestic Product for the First Quarter (April-June) of 2025-26 ⁴Source: The Economic Times, Rural consumption to drive India's GDP growth this fiscal year, economists say, 06/02/2025. ⁵Source: The Week. How India's growing GCC ecosystem generated jobs and reshaped upskilling needs November 18 2025.

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