EFFICIENT GROUP

ECONOMIC COMMENTARY

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YOUR WEEKLY ECONOMIC UPDATE

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MASALA MONEY MADNESS: SPICING UP YOUR PORTFOLIO IN INCREDIBLE INDIA

Over the past two decades, we have arguably witnessed the greatest era in men's tennis. We saw a constant tug-of-war between Roger Federer, Rafael Nadal, and Novak Djokovic. Federer, who originally held the most Grand Slam titles, was overtaken by Nadal, who was recently dethroned by Djokovic. It now seems likely that Djokovic will be crowned the Greatest of All Time. Well, at least until the next tennis star comes along.

Like tennis, we have seen countries battle for economic supremacy. One country after another has managed to dethrone the reigning world power either through war or sheer economic force. The trophy, however, is not a piece of Wimbledon silverware but rather the opportunity to call its currency the reserve currency of the world. As recently as the 1700s, it was the Dutch who reigned supreme with their superior shipbuilding capabilities. The British then overtook them in the 1800s with some masterful shipbuilding of their own. Finally, the United States (US) managed to come out on top during the 1900s. The US managed to go largely unscathed through two world wars while the Europeans saw their countries and economies plundered. Unfortunately, as with the Dutch and the British, there will come a time when the mighty US will also be dethroned by another rising power. In fact, we are already seeing signs of this happening. As to who the successor will be, it is anybody's guess but we would put our money on India or China.

With regards to the US, it is slowly but surely losing its shine because of its ever-growing debt, internal conflicts, and external conflicts with other countries. Recent signs of this could be seen in the debt ceiling negotiations, the storming of Capitol Hill, and the geopolitical tensions between the US and China. China, on the other hand, is not a clear favourite to dethrone the US: Its population is shrinking and its impressive housing boom is over. There is also the Communist Party which reveres greatness over growth, and who exhibits self-reliance over interdependence that previously characterised its economic success. Foreign investors are more wary than ever, seeking to relocate or to diversify their supply chains and investment portfolios. India, conversely, offers investors and businesses transparency and assurance when doing business. It aligns itself with both the West and the East, and has a growing population as well as an up-and-coming middle class. Experts expect India's economy to grow, on average, by 6.3% until 2030.

For investors who want to invest in India, there are several investment vehicles, ranging from US-listed exchange-traded funds (ETFs) to securities listed on the Bombay Stock Exchange. There is also the National Stock Exchange of India that investors can trade on. ETFs, however, represent the easiest way to access Indian markets. Furthermore, there are also US-listed companies, such as PepsiCo, Apple and Amazon, that offer investors exposure to India through their generated revenues.

At Efficient, we opt for the latter. We still view India as an emerging market with its accompanying risks. We believe that, at least for now, there are still better opportunities in other markets, such as the US and China, and we are happy to gain exposure to India through the likes of Alphabet, Microsoft, and Amazon, among others. We are, however, constantly on the lookout for our first Indian winner in our portfolio.

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