Investing in India’s long-term growth story

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Key Takeaways

- India represents one of the most attractive long-term equity growth stories globally, supported by structural and policy-driven tailwinds.
- India is a key engine of global economic growth, with gross domestic product (GDP) growth consistently outpacing major economies and contributing a growing share of incremental global GDP.
- The WisdomTree India Earnings UCITS ETF is designed to access this opportunity through a fundamentally driven, earnings-weighted investment approach.
- Earnings-weighting prioritises profitable companies, rather than those with the highest share prices, offering a valuation-aware alternative to market-cap indices.

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India stands out as a strong long-term equity opportunity in the global investment universe. Supported by favourable demographics, a large and growing domestic economy, accelerating digitalisation, rapid infrastructure development, political stability and sustained policy reform, the country is positioned for potential multi-decade growth that few markets are likely to be able to replicate at scale.

As investors look to access this opportunity, how they invest in India matters as much as why. Valuations can be elevated compared to other emerging markets, weights can be concentrated in the large stocks and traditional market-cap-weighted indices often concentrate exposure in the most expensive stocks. The WisdomTree India Earnings UCITS ETF (EPI) is designed to address these challenges by offering a fundamentally driven, earnings-weighted approach to investing in Indian equities, anchoring exposure in profitability rather than price.

India’s structural growth engine

India’s long-term growth story is built on several durable and mutually reinforcing pillars.

Demographics and workforce expansion are a defining advantage. India has one of the youngest populations among major economies, with a median age of around 28, compared with roughly 39 in China and over 40 across much of the developed world. Around 65–68% of India’s population is of working age (15–64) today, as per a United Nations report1, and this favourable dependency ratio is expected to persist well into the 2030s. Rising female labour-force participation and continued urbanisation are further expanding the economy's productive capacity and supporting long-term income growth. It is critical that India leverages its demographics so it can contribute to economic growth and not stagnate it.

A domestic demand–led growth model provides resilience. Private consumption accounts for over 60% of India's GDP2, a level comparable to developed economies and materially higher than many export-dependent emerging markets. Over the past decade, household spending has more than doubled, with a growing share directed toward discretionary categories such as consumer durables, financial services and healthcare. This internal demand base reduces reliance on external trade cycles and helps insulate growth during periods of global uncertainty. This also contributes to less correlation in India's stock market returns versus the broader Emerging Markets universe.

Manufacturing and supply-chain diversification are becoming increasingly tangible. As global companies pursue 'China + 1' strategies, India is emerging as a key beneficiary, supported by policy incentives, rising infrastructure investment and a deep pool of engineering and technical talent. India has already achieved scale in areas such as smartphone manufacturing and pharmaceuticals, and is gaining traction across electronics, defence and higher-value manufacturing segments.

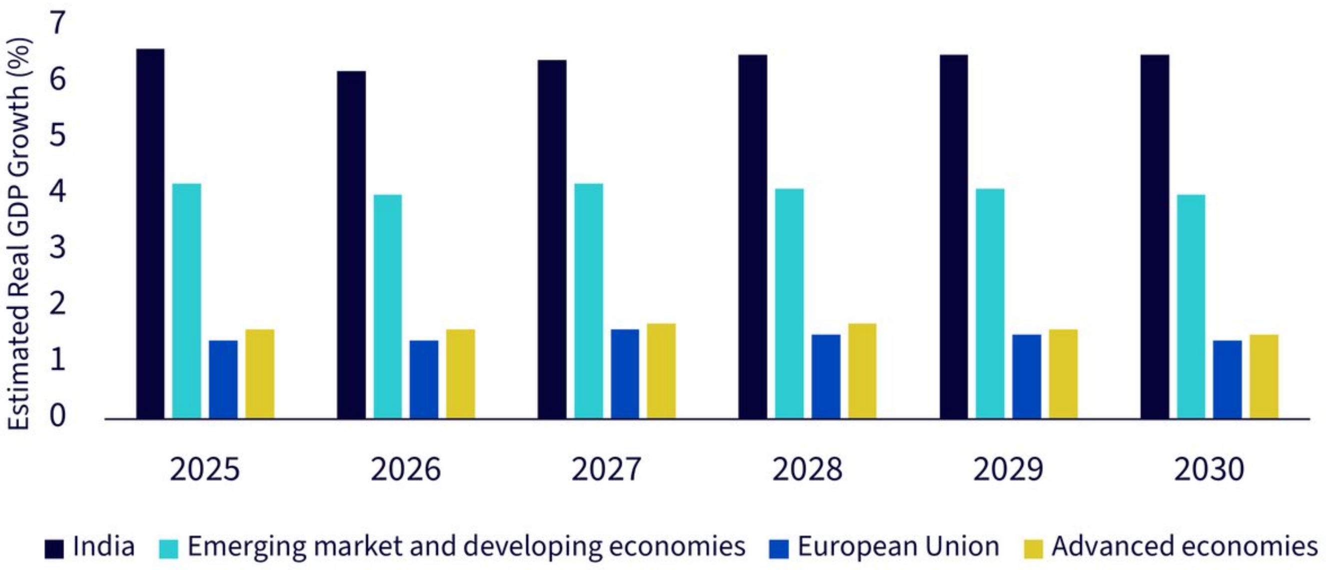
Digitalisation is accelerating formal economic activity. Low-cost, real-time digital payments through Unified Payment Interface (UPI), a domestically developed digital instant payment mechanism, now account for over 80% of retail digital transaction volumes3, improving transparency, broadening financial inclusion and creating data rails that support credit growth and earnings visibility for listed companies.

Trade integration and tariff positioning are becoming increasingly supportive. After a rough patch in the trade negotiations between India and the US, India has recently deepened trade relationships with key global partners, including the United States, the United Kingdom and the European Union, while negotiations with other major blocs such as the Gulf Cooperation Council (GCC) and Canada are progressing. In a global environment marked by rising protectionism, India's relative tariff positioning has improved: US duties on Indian exports are now meaningfully lower than those applied to several other emerging markets. This enhances its attractiveness as a long-term manufacturing and investment destination versus peers.

India contributes disproportionately to global growth, reinforcing its importance. IMF forecasts suggest India will remain one of the fastest-growing major economies through the rest of the decade, with real GDP growth consistently above 6%4, materially higher than growth rates in advanced economies. As a result, India is expected to account for a larger share of incremental global GDP growth than many developed markets, highlighting its role as a key engine of global economic expansion and corporate earnings growth.

While investing in emerging markets involves risks such as currency volatility and geopolitical uncertainty, India's structural growth drivers and expanding corporate opportunity set make it a compelling long-term allocation. Together, these structural forces underpin a long runway for sustainable economic and corporate earnings growth.

Figure 1: India leads in GDP Growth (%)



Source: International Monetary Fund forecasts as of February 2026. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

Introducing the WisdomTree India Earnings UCITS ETF

Why does an earnings-based strategy make sense for Indian equities?

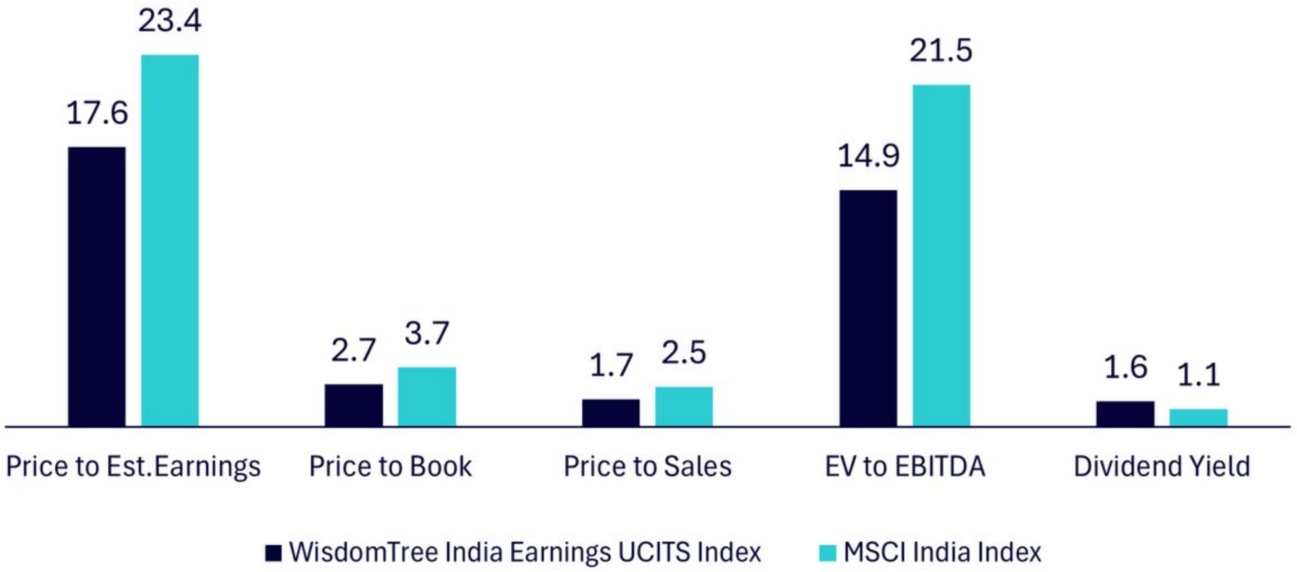
Despite its growth potential, India is often perceived as an expensive market. Part of this reflects strong fundamentals, and part is a function of how traditional indices are constructed.

Market-cap-weighted indices allocate more capital to companies whose share prices have risen the most, regardless of whether those prices are supported by fundamentals. In fast-growing markets, this can lead to concentration risk and increasing exposure to richly valued stocks.

WisdomTree's earnings-based approach offers a disciplined alternative. By weighting companies by their net income, investors could tilt exposure toward businesses with tangible financial strength. Firms that contribute more to aggregate earnings receive greater weight, while less profitable or overvalued companies are systematically de-emphasised.

This framework seeks to balance participation in India's growth with valuation awareness, an important consideration for long-term investors. This can be observed across valuation ratios as seen in Figure 2.

Figure 2: WisdomTree's earnings-based approach leads to better valuations



Source: WisdomTree, Factset, Bloomberg. As of 31 Jan 2026. **You cannot invest in an index. Historical performance is not an indication of future performance, and any investments may go down in value.**

A disciplined approach to investing in Indian equities

The WisdomTree India Earnings UCITS ETF provides investors with access to Indian equities and tracks the WisdomTree India Earnings UCITS Index, a transparent, rules-based index designed to capture the breadth of India's profitable equity universe.

The index applies a clear and disciplined construction process as follows:

- Companies listed on the Bombay Stock Exchange (BSE) with a minimum market capitalisation of 200 million are considered for inclusion, subject to investability and liquidity constraints.
- Companies involved in controversial weapons are excluded.
- Stocks with a price-to-earnings ratio of less than 2 or a net income of less than USD 5 million are excluded.
- Selected stocks are weighted by their trailing twelve-month net income.
- Individual stocks (7.5%) and sector (25%) weights are capped to ensure diversification.

By anchoring weights to earnings rather than price, the WisdomTree India Earnings Index seeks to provide diversified and broad exposure to India's equity market while maintaining a systematic focus on profitability and valuation discipline, key considerations for long-term investors allocating to one of the world's most dynamic growth economies.

1 Source: World Population Prospects, 2022.
2 Source: World Bank, 2022.

3 Source: Press Information Bureau India, 2026.

4 Source: International Monetary Fund. As of 17 Feb 2026.

Important Risks Related to this Article

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