

INVESTOR PERSPECTIVES / SEPTEMBER 2026

Wealth in Rupees. Goals in Dollars.

The case for measuring wealth against the currency of future spending.

AL T E R R A E Q U I T I E S

RESEARCH & INSIGHTS

01

THE INVESTMENT QUESTION

Can a growing rupee balance keep pace with a family's dollar-denominated ambitions?

For India-based high-net-worth investors and their wealth managers.

Executive perspective

A portfolio can be successful in its home currency and still fall short of an overseas goal. The relevant benchmark is the cost of the life the capital is intended to fund.

For an India-based family, business ownership, salary, property and savings may all draw on the same domestic economy. That concentration can be rational for Indian expenses. It becomes a separate planning risk when education, travel, a second home or future relocation will be priced in dollars. The objective is to fund those obligations without relying entirely on a favorable future exchange rate.

The evidence in one comparison

The annual average INR/USD rate was 44.0002 in 2005 and 87.1468 in 2025. The rupee cost of an unchanged dollar amount increased about 98.1%. An unchanged rupee balance bought about 49.5% fewer dollars. These are exchange-rate calculations, not investment returns. [1]

Three conclusions for the allocation discussion

Measure in two currencies. Track domestic net worth and the funded percentage of future dollar liabilities. Reporting only an INR account balance can conceal the gap.

Do not confuse a currency decision with an asset decision. Dollar cash, bonds, public equities and private real estate have different loss, liquidity and income characteristics. The case for diversification does not automatically favor a private fund.

Make the investment earn its place. Private U.S. real estate may be appropriate for genuinely long-term capital, but the expected benefit must survive fees, taxes, leverage, illiquidity and execution risk. Currency exposure cannot rescue a poorly priced asset.

Reading guide: historical evidence on page 3; currency and inflation mechanics on page 4; a worked example on page 5; implementation choices on page 6; the advisor challenge on page 7.

01 / The historical record

The chart uses complete calendar-year averages to avoid combining a single trading-day rate with a long-run average. The dollar became materially more expensive in rupees over this period, but the path was neither smooth nor one-way.

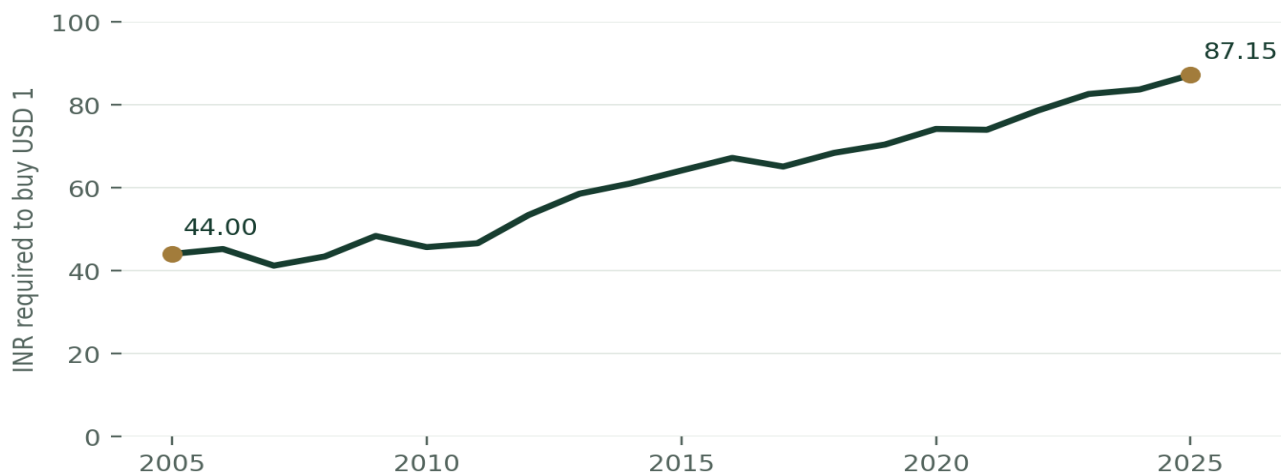


Exhibit 1. Annual average INR per USD, 2005–2025. Federal Reserve Board data via FRED, AEXINUS. [1] Annual averages are reference measures, not executable investor exchange rates.

Window	INR per USD: start / end	Annualized rise in INR/USD
2005–2025	44.0002 / 87.1468	3.48%
2015–2025	64.1073 / 87.1468	3.12%
2016–2017	67.1572 / 65.0659	–3.11%

The 2016–2017 comparison shows the opposite outcome: the rupee strengthened on an annual-average basis. Foreign-currency exposure can reduce an INR investor’s reported wealth when the rupee appreciates. The historical case is about managing concentration, not promising perpetual depreciation.

A flat \$100,000 expense translates to roughly INR 44.0 lakh at the 2005 average and INR 87.1 lakh at the 2025 average. Any increase in the dollar price of that expense would be an additional source of required rupee funding. This example isolates currency and assumes the underlying dollar price is unchanged.

02 / Choose the right purchasing-power test

Domestic inflation and currency depreciation answer different questions. Indian inflation affects a basket of spending in India. INR/USD changes affect how many dollars a rupee balance buys. Inflation in the specific foreign goal then affects what those dollars can purchase.

Goal	Appropriate test
Living expenses in India	After-tax INR wealth relative to the relevant Indian spending basket.
A future U.S. expense	INR wealth translated at the future exchange rate, relative to that expense's future dollar price.
Mixed domestic and overseas goals	Separate goal accounts or liability schedules by currency, timing and flexibility.

Avoid double-counting

For a dollar goal, divide the INR growth factor by the INR/USD growth factor, then by growth in the dollar cost of the goal. Do not also subtract Indian CPI from that same result. Indian CPI is relevant to a separate domestic purchasing-power test.

The exact relationships

Dollar return: $(1 + \text{INR return}) / (1 + \text{rise in INR per USD}) - 1$.

Dollar-goal real return: $(1 + \text{INR return}) / [(1 + \text{FX change}) \times (1 + \text{goal-cost inflation})] - 1$.

The equations assume a single beginning investment and an ending value. For multiple contributions, distributions or tuition payments, translate each cash flow at its own date and evaluate the complete schedule. A shortcut based on one end-date exchange rate can misstate the actual result.

Consumer-price indices describe a representative basket rather than the exact cost of one family's education, healthcare or travel. BLS explains this distinction for U.S. CPI. [2] A university's actual fee schedule or an identified home purchase is a better planning input than assuming headline inflation is the family's personal cost escalation.

03 / When 8% growth barely advances the goal

Illustrative assumptions: INR wealth grows 8% annually after investment-level fees but before investor taxes; INR per USD rises 3% annually; the dollar goal costs 4% more each year. There are no additional cash flows, tax drag or conversion charges. None of these rates is a forecast.

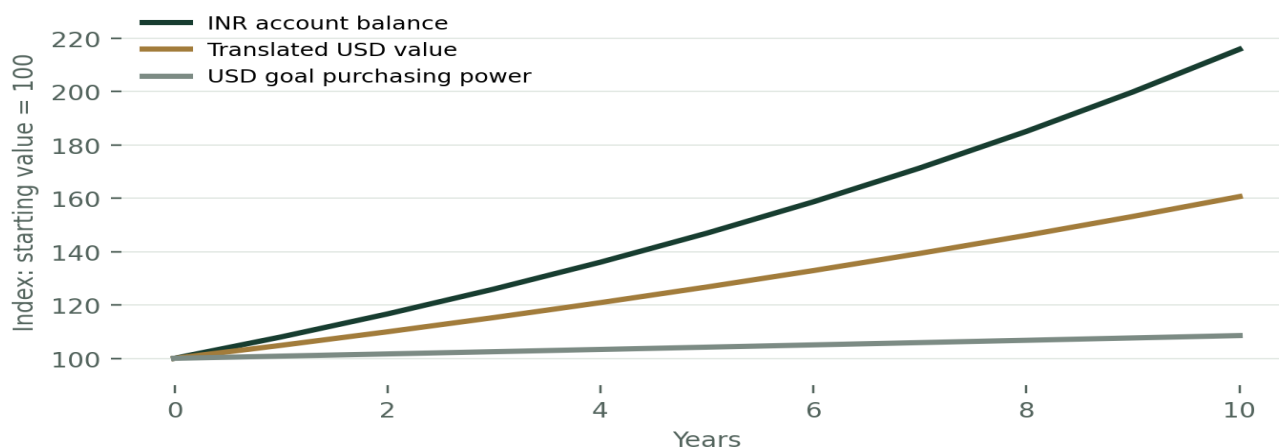


Exhibit 2. Original compound-growth illustration. The 8% INR growth rate becomes 4.85% in nominal USD and 0.82% relative to the assumed dollar goal.

Over ten years, INR wealth grows to 2.159 times its initial amount. Its dollar value grows to about 1.606 times, but the dollar goal grows to 1.480 times. The funded percentage improves only about 8.5%. Taxes or currency-conversion costs would reduce that improvement.

Annual INR return	0% FX depreciation	3% FX depreciation	6% FX depreciation
6%	1.92%	-1.05%	-3.85%
8%	3.85%	0.82%	-2.03%
10%	5.77%	2.69%	-0.22%

Exhibit 3. Annual return relative to a dollar goal growing 4% per year. All inputs hypothetical; results before investor taxes and conversion costs.

The table also establishes the counterargument. Strong enough INR investment performance can exceed depreciation and goal inflation. The right question is whether the plan remains adequately funded across plausible outcomes, including weaker returns and an unfavorable exchange-rate move near the spending date.

04 / Build the allocation around the liability

Start by listing overseas goals with a currency, amount, date and acceptable shortfall. Separate a tuition bill due next year from discretionary wealth that can stay invested for a decade. The same dollar allocation should not be expected to solve both problems.

Implementation route	Potential role	Key limitation
Dollar cash / short-maturity instruments	Near-term payment matching and liquidity.	Inflation, reinvestment, bank/custody and product risks; access must be lawful.
Dollar bonds	Scheduled income or maturity matching.	Duration and credit risk; a bond fund has no fixed investor redemption value.
Global public equities	Long-term ownership of diversified businesses.	Market drawdowns and business currency exposures beyond trading currency.
Private U.S. real estate	Long-horizon property and operating exposure.	Illiquidity, concentration, leverage, taxes, capital calls and manager execution.

An investment quoted in dollars is not necessarily a pure dollar economic exposure. A U.S.-listed multinational may earn revenues around the world. A U.S. hotel may collect dollars but remain exposed to local demand and global tourism. Ask which cash flows and obligations are actually matched.

For a high-income professional

Retain enough accessible capital for domestic obligations, emergencies and known foreign payments. Consider employer equity and career concentration before adding an illiquid investment. A foreign allocation should reduce a meaningful risk in the family balance sheet, not simply introduce another product.

International investing introduces additional currency, legal and market risks. SEC investor education outlines these considerations. [3] Implementation routes, eligibility and reporting require separate jurisdiction-specific review.

05 / The questions a wealth manager should ask

Challenge	A defensible answer
"Indian assets can earn more."	Yes. Compare net returns in the goal currency. The argument is concentration management, not the inferiority of Indian investments.
"Why not just buy dollar bonds?"	For a dated liability, that may be the more appropriate route. Private real estate must justify its additional risk independently.
"What if the rupee strengthens?"	Show that scenario explicitly and keep INR liquidity for INR liabilities.
"What is the net result?"	Include product fees, sponsor economics, taxes, withholding timing and conversion charges.
"What if the capital cannot come back on time?"	Match commitments to realistic liquidity and legal remittance/repatriation rules. A planned sale is not a guaranteed exit.

A practical review agenda

Ask the adviser to prepare a currency-by-currency household balance sheet, a dated liability schedule and a stress test. Include salary, business interests, properties, loans, existing investments and likely capital calls. Evaluate the overseas allocation alongside domestic investments rather than in isolation.

Before selecting a private investment, request a complete fee schedule, cash-flow model, legal ownership chart and exit assumptions. Obtain India and U.S. advice on the actual instrument and investor status. A product's availability through a platform does not establish that the investor is permitted to subscribe.

Alterra perspective

Wealth should be judged by the future choices it can fund. For a family whose ambitions cross borders, measuring progress only in rupees is incomplete. A deliberate foreign allocation can improve the match between assets and goals, provided the investment itself withstands independent diligence.

Sources, methodology & important information

Scope: a goal-based framework for India-based investors. Historical evidence ends in calendar 2025; no intrayear 2026 figure is blended into the chart. The INR/USD annualized change is calculated as $(\text{ending rate} / \text{beginning rate})^{(1 / \text{years})} - 1$. The reciprocal purchasing-power calculation is different. All forward-looking figures are expressly hypothetical. This paper does not prescribe an allocation or establish a remittance route.

Primary sources

[1] Federal Reserve Board / FRED: AEXINUS annual exchange rates

Annual averages of daily INR/USD figures. Complete 2005–2025 observations used; series updated January 5, 2026. Historical calculations by Alterra.

[2] U.S. Bureau of Labor Statistics: CPI frequently asked questions

Used only for the distinction between representative consumer inflation and household-specific spending.

[3] SEC Investor.gov: International Investing

General background on international-investment and exchange-rate risks.

Use of this paper

Prepared by Alterra Equities for investor education. This paper is not an offer, solicitation, personalized recommendation, or legal or tax advice. Any investment is governed by definitive documents and applicable eligibility rules. Private investments can be illiquid and can lose all invested capital. Distributions, tax benefits and exits are not guaranteed. Examples are hypothetical and are not Alterra transactions, targets or investment performance.

Sources accessed September 11, 2026. Data cutoffs and dated rules are identified where used. Verify later changes and the investor-specific position before a transaction. Analytical frameworks and uncited worked examples are Alterra's original educational analysis; source organizations do not endorse this paper.

Prepared by Alterra Equities LLC | 381 Park Avenue South, 15th Floor, New York, NY 10016 | ir@alterraeq.com