



Asset X: Investment Strategy

June 5, 2026



What we are seeing

Equities

Domestic Equity markets are seeing improving top-line growth along with more palatable valuations. March 2026 quarter results have seen strong double digit profit growth though June quarter could be more mixed amid rising input costs. Nifty 1Y Fwd PE at around 18X is attractive but the current geo-political crisis acts as a strong headwind in the near-term. While our base case continues to anticipate a healthy recovery, the evolving situation in the Middle East warrants a more cautious, agile and staggered approach to fresh allocations. **Global equities** are similarly exposed to geopolitical risks, though robust earnings momentum, particularly within the technology sector continues to provide support. New allocations can be considered through a well-diversified mix of developed markets, including the US, and select emerging markets outside India.

Alternates

Rapid advances in AI and defense technologies continue to drive investor interest across **Unlisted Equities**, including deep-tech PE and VC. However, recent IPOs listing below pre-IPO valuations have tempered appetite for late-stage private deals. The preference is shifting towards companies still two to three years from listing, where entry valuations and risk-return trade-off may be more reasonable

Commercial Real Estate see a steady growth path with Bangalore & Delhi NCR market leading the charge.

Fixed Income & Commodities

Domestic Debt markets have seen some short-term volatility largely driven by global factors. Increasing inflationary risks, amid higher global crude oil prices remains the key headwind, however, recent constructive measures by the RBI and the Central Government to attract foreign capital should help soften yields.

In Commodities, both gold and silver though have strong fundamental drivers, have been volatile during the ongoing crisis. We believe, allocation to precious metals can be staggered to build new positions, with gold ~USD 4,200 and silver at or below USD 65 seen as good levels for accumulation.

Currency

INR has shown extreme vulnerability in the current geo-political crisis as DXY strength + FPI outflows + potential increase in CAD amid higher oil prices have weighed on the domestic currency. However, the recent coordinated measures announced by the RBI and the Central Bank to garner foreign capital should help stabilize INR. We expect INR to move in a band of 90-96/USD.

AssetX brings you facts and data that cut through market noise. We highlight the most important signals across major asset classes in the global financial markets, so your investment strategy always stays on point.



What we are doing

Deployment Notes

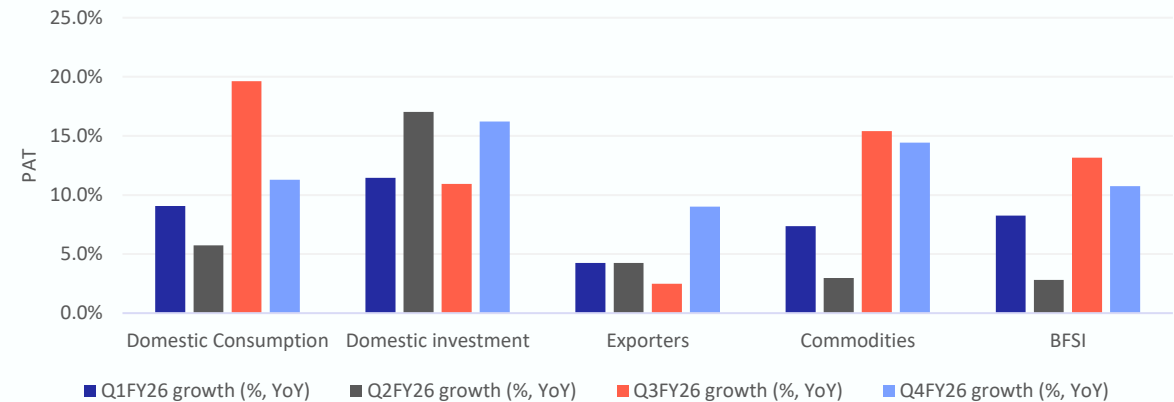
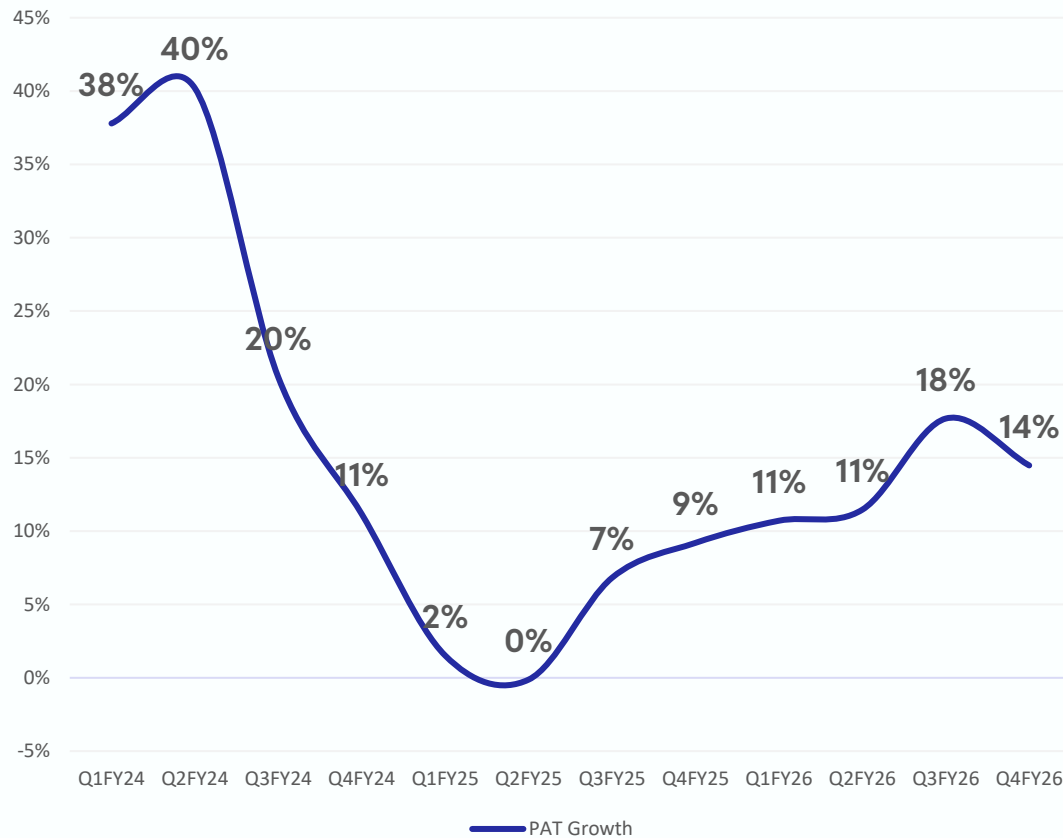
- At this point within Equity, **70:30 mix between domestic & global equity** seems ideal
 - For **domestic equity**, we believe a **staggered position** seems reasonable at this point given the global macroeconomic uncertainty. Within sectors, we continue to **favour metals** space supported by constructive commodities outlook. Conversely, we believe our earlier positive view on **chemicals has largely played out**, with the sector potentially facing margin pressures from higher input costs going forward.
 - For **global equity**, we believe the opportunity set is currently attractive, making **lumpsum approach more suitable with a 60:40 mix between DMs including US & EMs excluding India**.
- As a tactical overlay, our **factor analysis** reveals a positive bias towards value factors, with neutral view on low volatility and momentum.
- On new positions of **Fixed Income**, we continue to recommend 85:15 mix between 3-5Y and 30Y+ segments. While we did reduce the 30Y+ exposure from 25% in April amid increased macro risks, the current 15% exposure can help lock in higher yields and could be held till maturity as an accrual strategy.
- We continue to recommend **85% staggered position in Gold and 15% staggered position in Silver**. Gold ~USD 4,200 and silver at or below USD 65 seen as good levels for accumulation.
- **InvITs** can make up 5% of a portfolio, offering diversification along with stable and predictable income streams.

Asset Signals

- **Domestic Equity:** Q4 delivered ~14% YoY PAT growth, fourth consecutive quarter of double-digit profit growth. However, Q1 FY27 is likely to see some profit hit, but extent and duration will depend on evolving geopolitical situation. While earnings and macro recovery seem to support the markets, FPI sentiment remain fragile amid war related uncertainty.
- **Global Equity:** 30% lumpsum positioning in the near term seems prudent. There's more valuation comfort in EMs but they're more fragile in the ongoing war, hence a mix between DM and EM is suggested. Although within DMs, US continues to deliver on strong earnings, making continued allocation justifiable.
- **Fixed Income:** Lesser visibility on rate cycle + potential fiscal & BoP risks amid higher global crude oil prices could weigh on yields. However, recent constructive measures by the RBI and the Central Government to attract foreign capital should help soften yields.
- **Commodities:** Gold looks more favourable than silver. Precious metals correcting in crisis is not new. Recovery happens once the liquidity event is behind. Accumulate at reasonable prices.
- **Private Deals:** Structural private market growth.
- **Real Estate** Commercial segment growth.

India Equity: Earnings Revival Support Market Sentiment, War Termination Still Awaited

Fourth consecutive quarter of double-digit PAT growth at 14%, led by domestic investment and exporters



PAT growth was led by mid cap, followed by small and large cap

PAT Growth- Q4 FY26 (YoY%)	
Large Cap	12%
Mid Cap	31%
Small Cap	23%

Source: Nuvama Institutional Equities, Ionic Wealth, Data available as of May 2026

Source: Nuvama Institutional Equities, Ionic Wealth, Data available as of May 2026

The earnings growth momentum has improved meaningfully over the past four quarters, with average PAT growth for FY26 rising to 14% from a tepid 4% in the previous financial year. However, this momentum could face headwinds going forward as rising commodity prices, driven by the ongoing US–Iran conflict and related supply disruptions, begin to exert pressure on input costs and corporate margins.

India Equity: Continued Macro Recovery + Low Valuations, But Investor Sentiment Is Running Low

Economic numbers in April have seen improvement

	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	Apr-26 12M Rolling Avg	Apr-25 12M Rolling Avg
Passenger cars sales YoY%	16.5	18.6	3.2	3.5	6.6	27.9	↑ 6.5	↓ -8.2
Two wheelers Sales YoY%	22.8	35.8	24.9	33.1	18.9	30.4	↑ 17.5	↓ 5.4
Tractor Sales YoY%	30.3	34.9	40.1	30.7	24.0	27.1	↑ 24.6	↓ 6.3
Eight Core Industry YoY%	2.1	4.7	4.7	2.8	1.2	1.7	↓ 2.8	↑ 4.1
IIP YoY%	7.2	8.0	5.1	5.1	4.1	4.7	↑ 4.3	↓ 3.9
Bank Credit YoY%	11.5	14.5	14.6	15.3	17.1	16.1	↓ 12.5	↑ 12.8
Personal Loans YoY%	12.8	14.4	14.9	15.2	16.2	16.0	↓ 13.5	↑ 14.9
Credit to Industry YoY%	9.6	13.3	12.1	13.5	15.0	15.1	↑ 9.9	↓ 8.2
Credit to Services YoY%	11.7	15.3	15.5	16.3	19.0	18.6	↓ 13.2	↑ 13.4
Deposit Growth YoY%	10.2	12.7	12.5	13.0	16.2	13.5	↑ 11.6	↓ 11.1
Credit-Deposit Ratio YoY%	80.5	81.8	82.3	82.4	81.4	82.0	↑ 80.6	↓ 79.8
Systemic Liquidity (Rs. Bn)	2376.5	-95.5	1823.0	2695.4	2943.7	2574.7	↑ 2224.3	↓ 614.4
Policy Repo Rate %	5.5	5.3	5.3	5.3	5.3	0.0	↓ 5.0	↑ 6.4
Govt. Capital Expenditure (Rs. Tn)	0.4	1.3	0.5	0.9	1.4	1.9	↓ 0.9	↑ 0.9
GST Collections YoY%	-4.0	1.3	2.0	2.8	2.1	2.5	↓ 4.7	↑ 9.6

Source: CMIE, Ionic Wealth, Data available as of May 2026 | HFIs- High Frequency Indicators

Our Hypothesis

Domestic factors including corporate earnings have continued to revive with strong double digit growth, and any signs of a peace agreement could trigger a healthy recovery but June quarter could still likely see some hit.

Drivers

Improving earnings & macros, domestic growth revival, favourable trade deal. Direction of the war and FPI activity would continue to influence market movement in the near-term

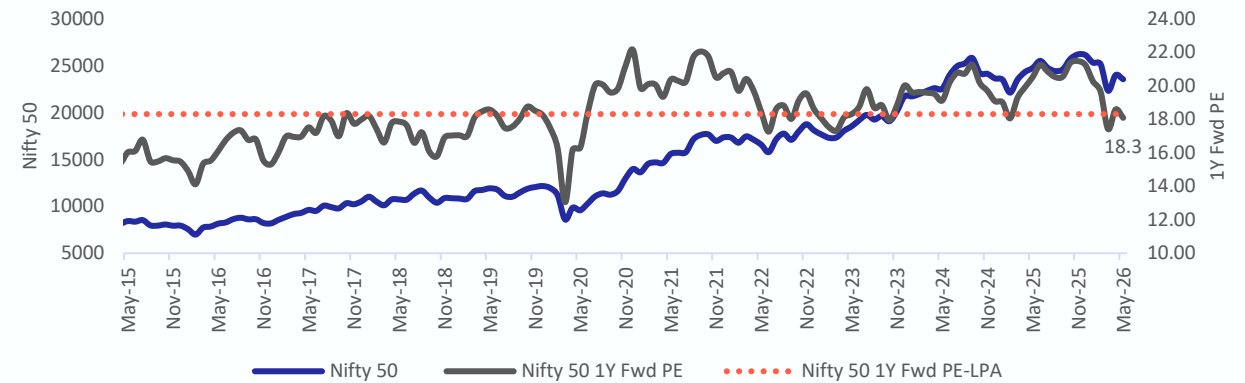
Risks

India macro weakening further, slower than expected revival in earnings, slower than expected return of FPIs, crisis in the middle east continues to a prolonged time, which could disrupt the rate cycle.

Data to watch

High frequency data on domestic growth, inflation, interest rates, geopolitics, sentiments, FII and DII flows

NIFTY 50 Fwd PE slightly below LPA



Current Suggested Deployment Plan For Domestic Equity - Staggered in two parts

First half in
0-15 days

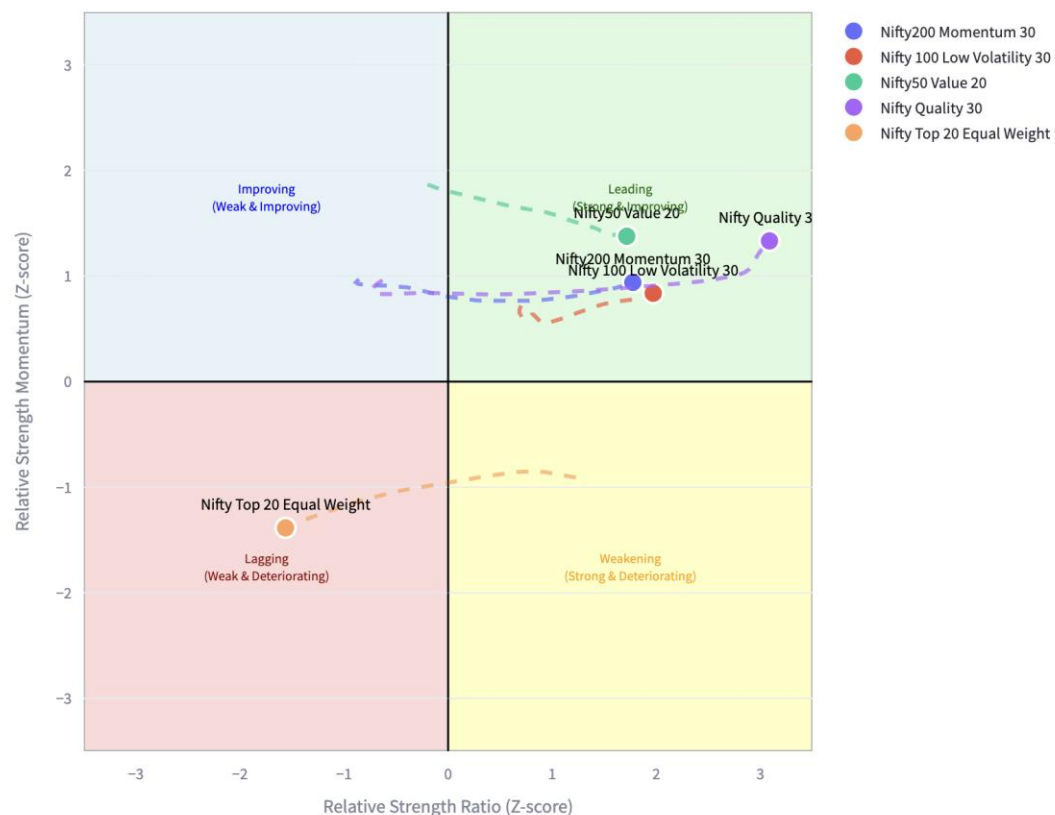
Second half in
15-30 days

We continue to closely watch the evolving situation and any changes in macro events leading to change in deployment plan will be communicated separately.

Source: Bloomberg, Ionic Wealth, Data available as of May 2026

Factors: Value & Low Volatility still gaining, Momentum struggling

6 Month Relative Strength and Relative Momentum



Factor	1 Month	3 Months	6 Months	1 Year	3 Years
Low Volatility	-0.71%	-3.78%	-7.25%	-0.72%	11.80%
Momentum	1.00%	-1.25%	-5.19%	-0.15%	14.19%
Quality	-0.60%	0.14%	-5.52%	-0.48%	9.71%
Value	-2.30%	-6.40%	-8.95%	-6.20%	7.62%
Nifty 50	-1.87%	-5.30%	-10.04%	-4.86%	8.31%

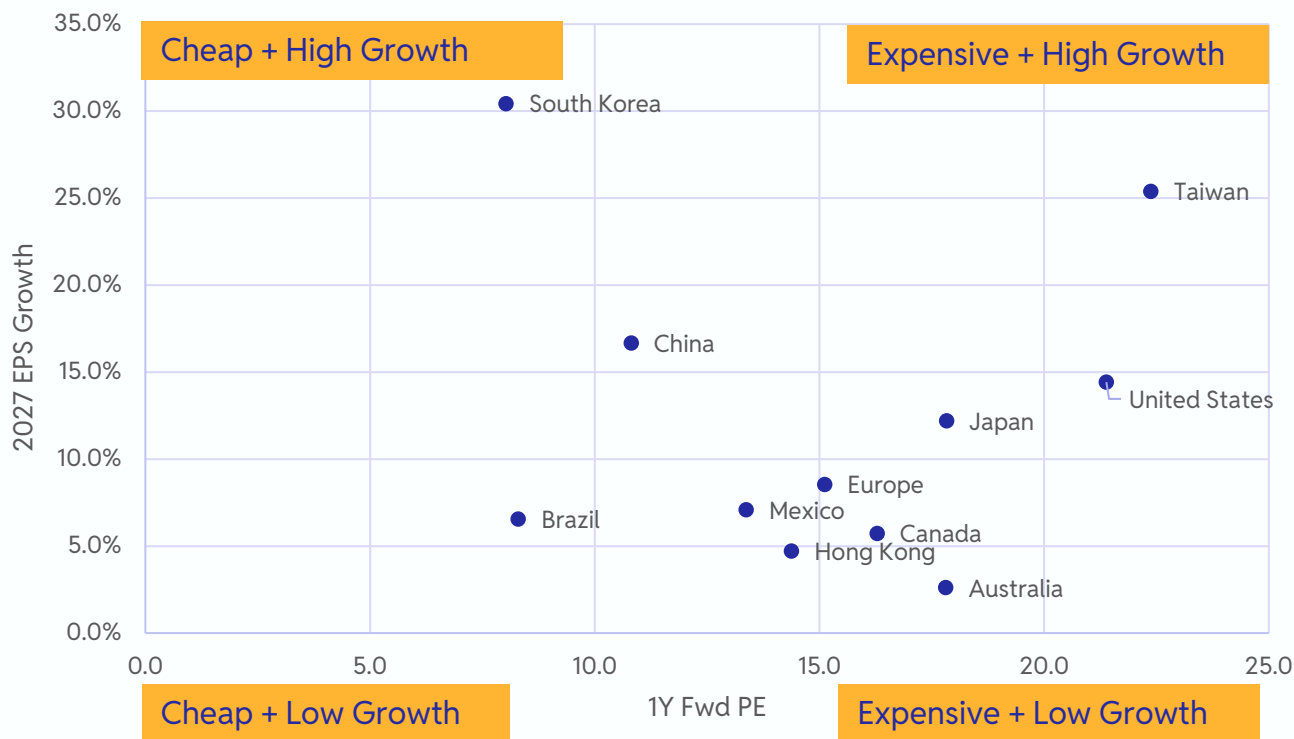
- **Current Portfolio Positioning:** 50% Value + 25% Low Volatility + 25% Momentum
- **Value struggled in April** but has come in line with the benchmark in last 1M
- **Small allocation to Momentum** allows for beta participation in an Up move
- **Our View:** Overweight in Value with neutral on Low Volatility and Momentum

Risks

- **Current volatility** also means swift factor rotation which can lead to short term underperformance in factors
- **Momentum can** gather pace only if sustained pace is gathered in market with sustained up-move

Global Equities: US Dominates Flows Backed By FEMO (Fabulous Earnings Momentum); Most Key Markets Witness PE De-rating As Earnings Growth Accelerates, 60% Dms Including US And 40% EM Call Intact

Korea appears to be most attractive



Source: Bloomberg, Ionic Wealth, Data available as of May 2026

US dominates ETF flows, Taiwan witnesses sharp PE Re-rating as prices run ahead of EPS growth

	ETF Flows (USD Bn)			1y Fwd PE	EPS Growth Expectation (2027)	YTD PE Change	YTD EPS Change
	1M	3M	YTD				
DMs							
United States	169.3	392.0	620.5	21.4	14.4%	-3.2%	25.4%
Europe	2.4	8.3	16.9	15.1	8.5%	-2.1%	13.7%
Japan	-9.1	1.0	8.7	17.8	12.2%	4.0%	11.2%
Australia	1.8	4.7	3.8	17.8	2.6%	-4.8%	27.2%
Canada	4.1	16.6	28.5	16.3	5.7%	-4.3%	14.3%
EMs							
China	-49.8	-77.2	-204.0	10.8	16.7%	-10.3%	7.7%
Taiwan	4.7	16.8	18.4	22.4	25.4%	21.8%	41.8%
Hong Kong	-4.1	-4.2	11.5	14.4	4.7%	1.8%	10.8%
South Korea	0.8	13.0	34.8	8.0	30.4%	-15.5%	242.8%
Brazil	0.9	5.5	10.2	8.3	6.5%	-14.1%	26.0%
Mexico	-0.5	-0.6	-1.1	13.4	7.1%	2.2%	15.8%

Source: Bloomberg, Ionic Wealth, Data available as of May 2026

Our Hypothesis

US continues to dominate position in ETF inflows backed by fundamentals especially in AI related names. Among emerging markets, South Korea stands out as highly attractive due to a combination of very low forward valuations and high expected earnings growth

Drivers

Global equities are transitioning to an earnings-driven cycle, with AI-led profit growth continuing to attract capital to the US while creating attractive asymmetric opportunities in undervalued, high-growth markets such as South Korea.

Risks

Slowdown in AI cycle, reversal in US led capital flows, major de-rail in risk-on sentiment as Fed turns more hawkish

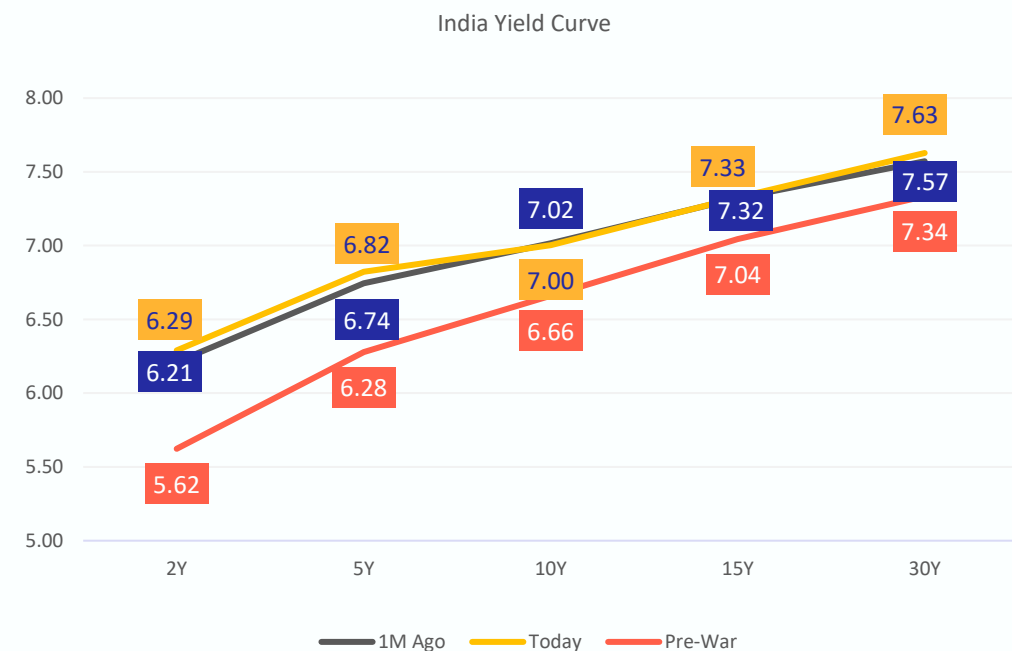
Data to watch

ETF flow trends, earnings growth, Fed rate action, war situation.

India Debt: Mix Of Medium Term And Long-term Debt, 85%:15% Call Intact

An ideal mix can be **85% allocation in the 3-5 years duration and 15% in the longer duration.**

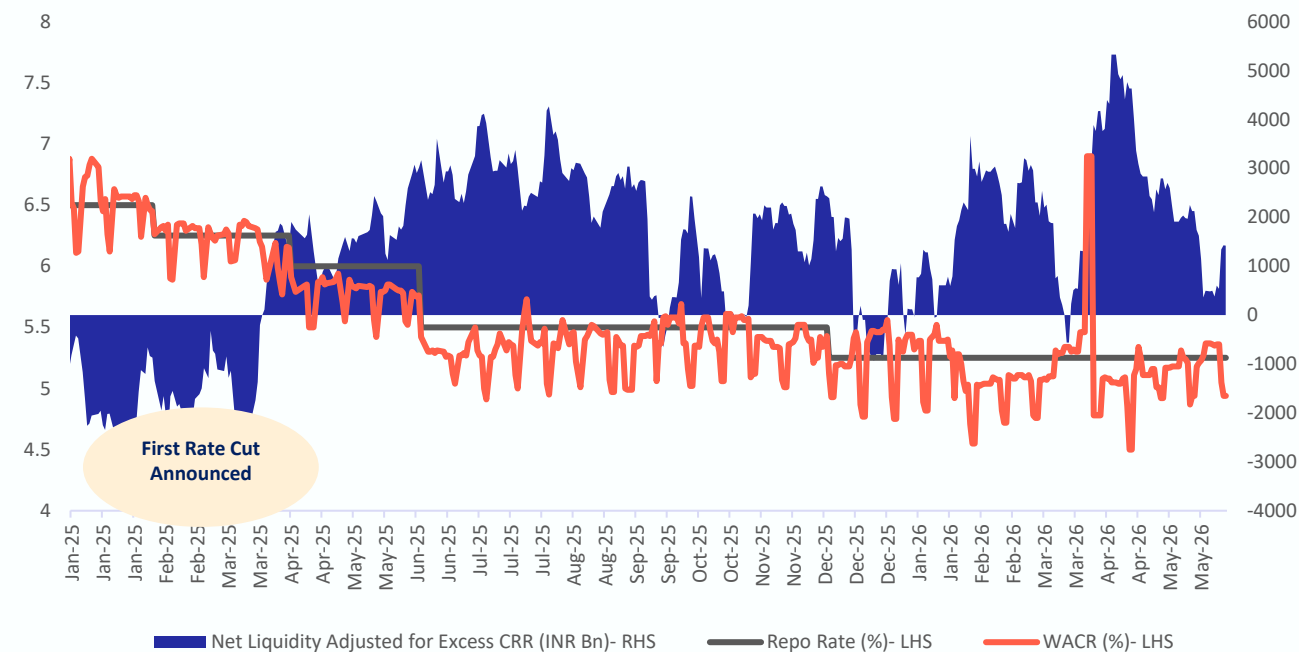
Since the war began, India yields have hardened, tracking the movement in USTs as well growing risks of a prolonged pause in rate cuts/potential hikes by RBI-MPC as inflation & fiscal risks intensify. **However, recent measures to attract FPI flows should support domestic yields**



Source: Bloomberg, Ionic Wealth, Data available as of May 2026

Systemic liquidity remained sufficiently comfortable during May 2026- RBI continued to inject liquidity as and when required

So far, WADTDR has come down by 85 bps , while WALR has come down by 83 bps against a cumulative easing of 125 bps between Feb-25 & Apr-26



Source: Bloomberg, Ionic Wealth, Data available as of May 1 2026| WADTDR- Weighted average domestic term deposit rate, WALR- Weighted average lending rate, WACR- Weighted average call rate

Our Hypothesis
Short-term volatility could continue largely due to global factors. Higher allocation of ~85% in 3-5Y papers ideal, while ~15% could be allocated in longer durations, given risks of potential rate hikes as well as fiscal and BoP risks. The exposure to longer-end of the curve is part of accrual strategy and the position could be held till maturity.

Drivers
Potential rate hikes in US & India, although liquidity support could continue as and when required, heightened fiscal & BoP risks

Risks
Domestic/US growth & inflation remaining higher, weak currency and delayed rate cuts in US & India

Data to watch
US FOMC policy, India & US inflation, US labour market data, domestic high frequency indicators, crude oil, inclusion in more global bond indices

Currency: INR's Vulnerability Lies in Capital Account, Recent Measures To Attract Foreign Capital Should Curb INR Weakness

FPI sentiment remain fragile, with sharp outflows witnessed for far in FY27

	Net FII Flows (USD Bn)	Net Change in FX Reserves (USD Bn)	Net Change in INR (%)
FY17	7.6	14.4	2.1%
FY18	22.5	54.4	-0.5%
FY19	-6.0	-12.5	-6.1%
FY20	-4.1	63.7	-9.2%
FY21	34.8	103.7	3.2%
FY22	-16.5	38.4	-3.7%
FY23	-5.5	-39.2	-8.4%
FY24	39.5	67.1	-1.5%
FY25	2.2	19.8	-2.5%
FY26	-16.9	22.7	-11.0%
FYTD 27	-12.9	-6.7	-0.2%

Source: Bloomberg, Ionic Wealth, Data available as of May 2026

The rupee is also depreciating in real effective terms, indicating that the weakness extends beyond a nominal adjustment and reflects broader pressures from eroding competitiveness and capital outflows



Source: Bloomberg, Ionic Wealth, Data available as of May 2026

Our Hypothesis

INR remains under sustained pressure as the Middle East war continues. War-driven oil imports, and persistent FPI outflows, create a challenging environment. We expect INR to move in a band of 90-96/USD in the near-term.

Drivers

Elevated oil prices inflating India's import bill and widening the current account deficit. Persistent FPI outflows reducing USD supply.

Risks

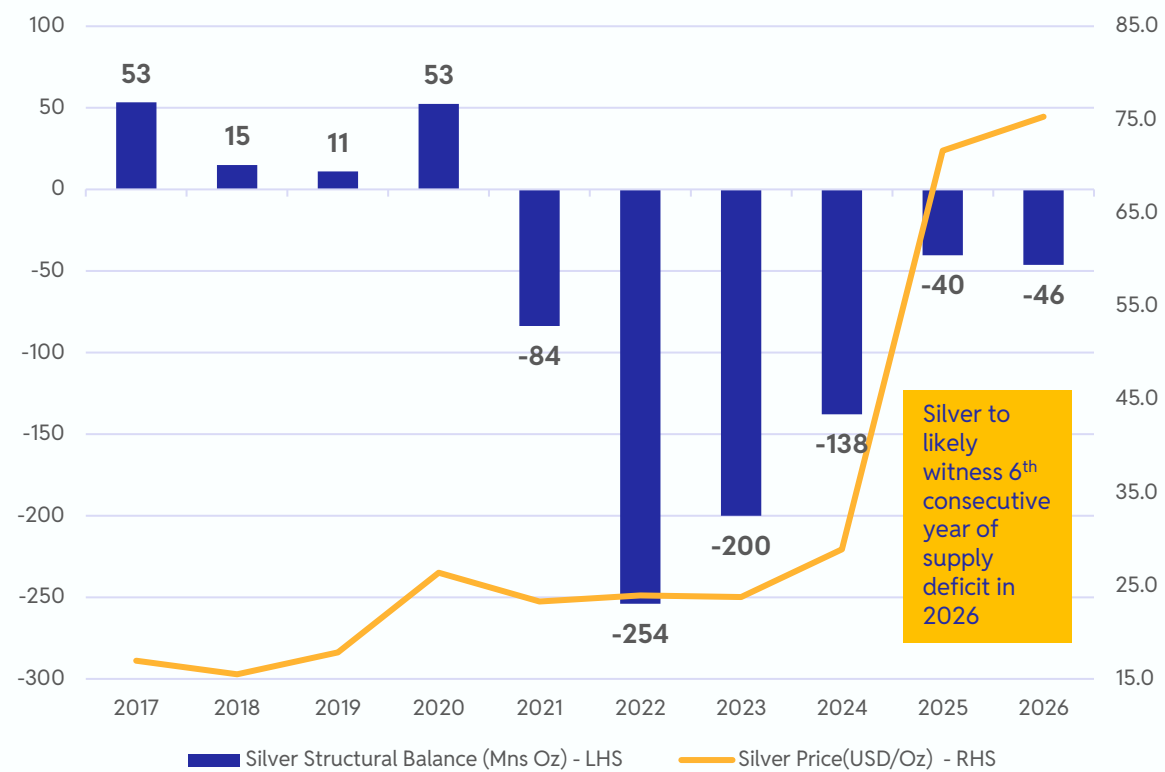
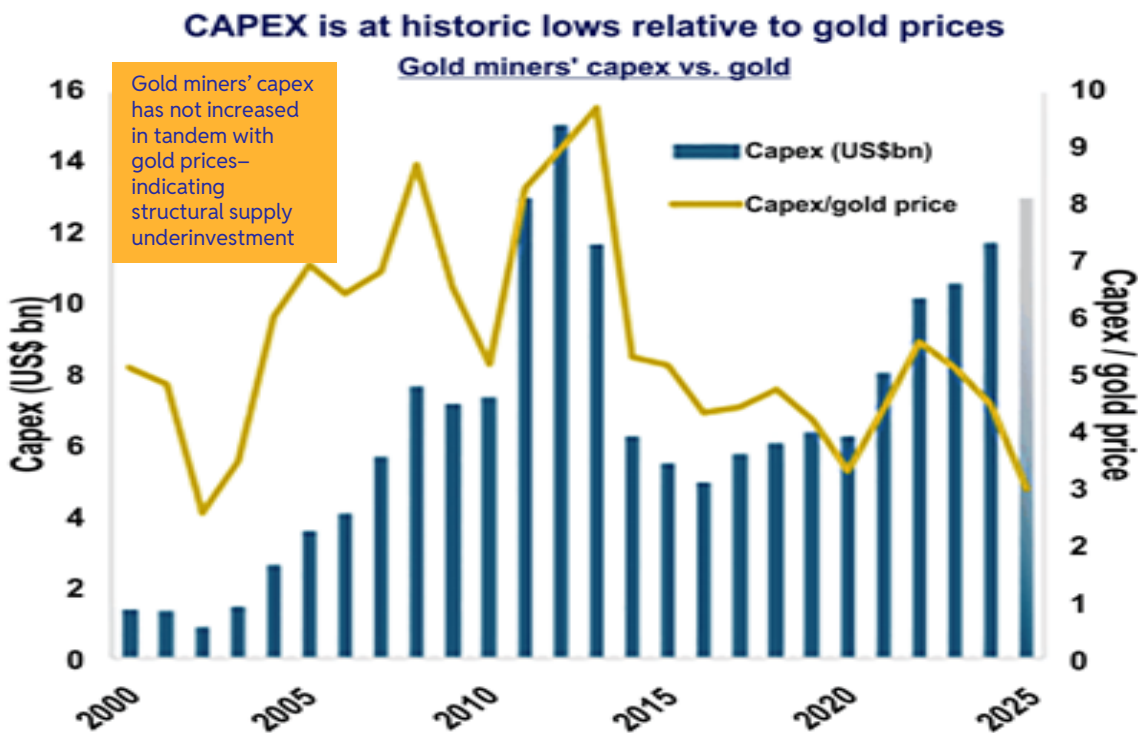
Prolonged conflict will keep oil elevated, widening the current account. RBI's USD 47 billion reserves drawdown from the February peak increasingly constrains its ability to defend the rupee. War-driven inflation likely to keep RBI on hold longer than the economy needs position.

Data to watch

FX reserves, flows, DXY, geopolitics, inflation differential, yield movements

Commodities: Long-Term Drivers For Gold & Silver Intact, Gold closer to USD 4200 and Silver closer to USD 65 Good Levels For Accumulation

Persistent central bank buying along with potential supply squeeze in gold and structural supply deficit in silver would be key driving factors for precious metals in the long-term.



Source: Bloomberg, Ionic Wealth, Data available as of May 2026

Our Hypothesis

Long-term drivers for both gold and silver intact. While both metals can play a role in portfolio hedging, a staggered allocation strategy with a higher weight towards gold appears more appropriate in the current uncertain environment.

Drivers

Increased volatility amid heightened geo-political tensions, liquidity requirement as oil prices remain elevated—makes staggered approach appropriate.

Risks

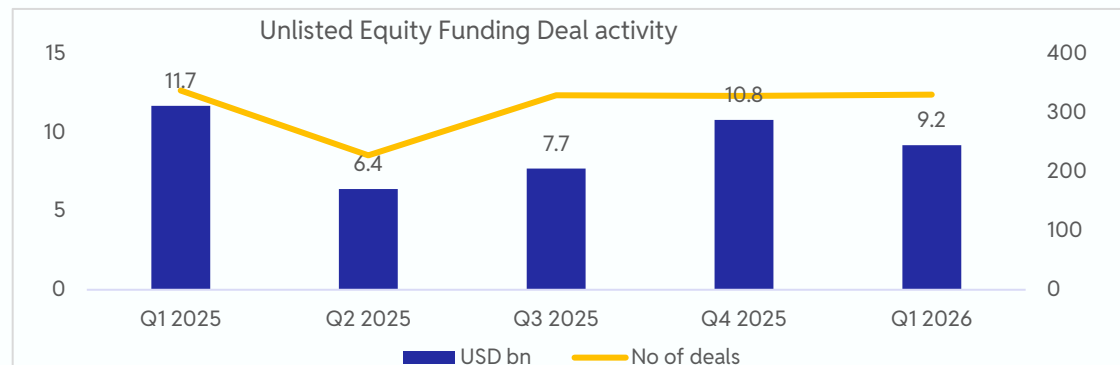
USD strength, growth improving for good without inflation, peace agreement between US and Iran

Data to watch

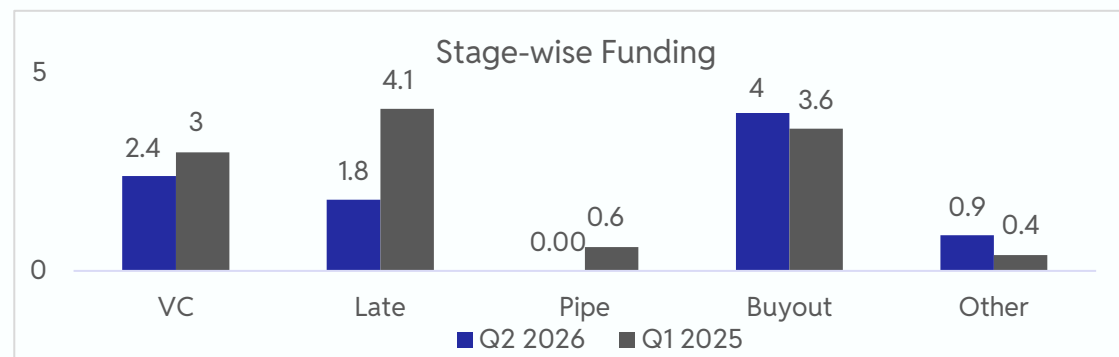
Sentiments, DXY, demand from China and other central banks for Gold, industrial demand for silver

Private Equity: Steady Start to CY26 with Selective Deployment

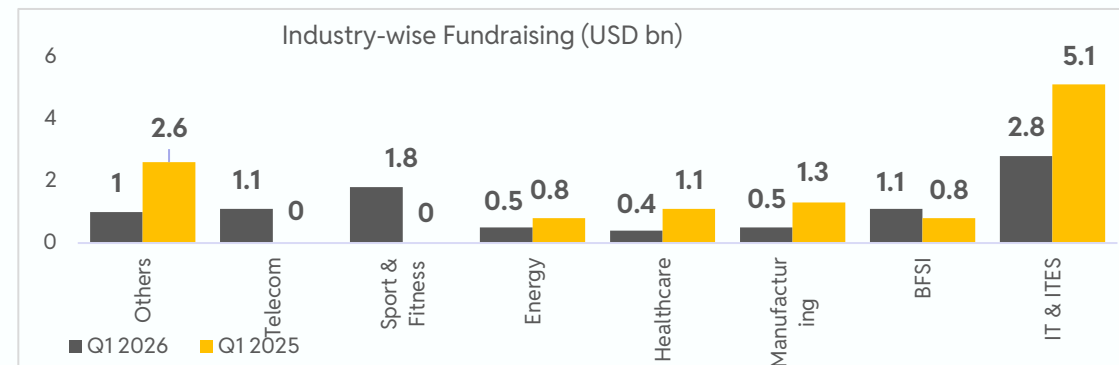
Q1'26 at ~USD 9.2 bn reflects a steady start, with deployment continuing but under tighter filters. Deal activity remains concentrated in fewer, larger transactions.



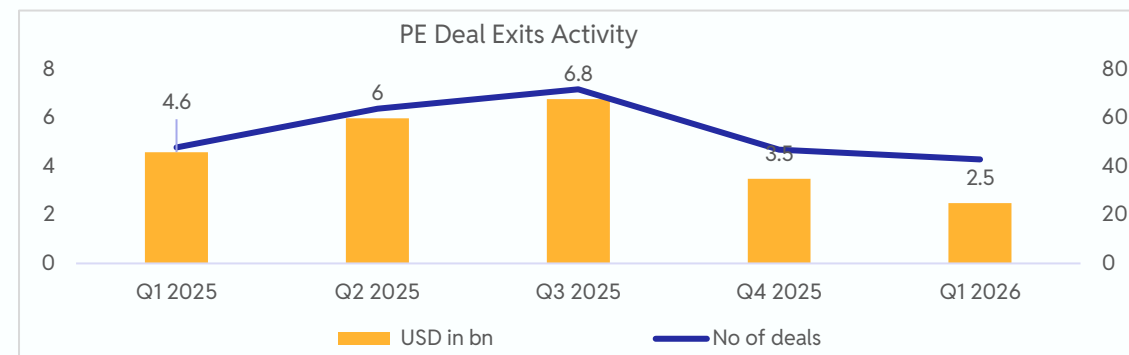
Capital is concentrated in late-stage (~USD 4.1 bn) and buyouts (~USD 4 bn), reflecting a clear preference for mature, de-risked assets. VC activity remains selective, while early-stage funding is minimal.



IT & ITES leads (USD ~5.1 bn), driven by AI and global demand. BFSI stable; Manufacturing & Healthcare gaining traction. Others sees elevated activity; Energy/Telecom/Fitness remain selective/niche



Exit activity softened in Q1'26 (~USD 2.5 bn) after peaking in Q3'25. Sponsor-to-sponsor and strategic sales dominate; IPOs remain window-dependent



Source: IVCA, Ionic Wealth, Data available as on March, 2026

Source: IVCA, Ionic Wealth, Data available as on March, 2026

Our Hypothesis

Private equity markets are entering a more disciplined growth phase, driven by scalable business models, profitability focus, and governance maturity.

Drivers

Improving exit visibility through strategic and secondary routes, Strong dry powder with disciplined deployment. Tailwinds in tech, BFSI, healthcare, manufacturing

Risks

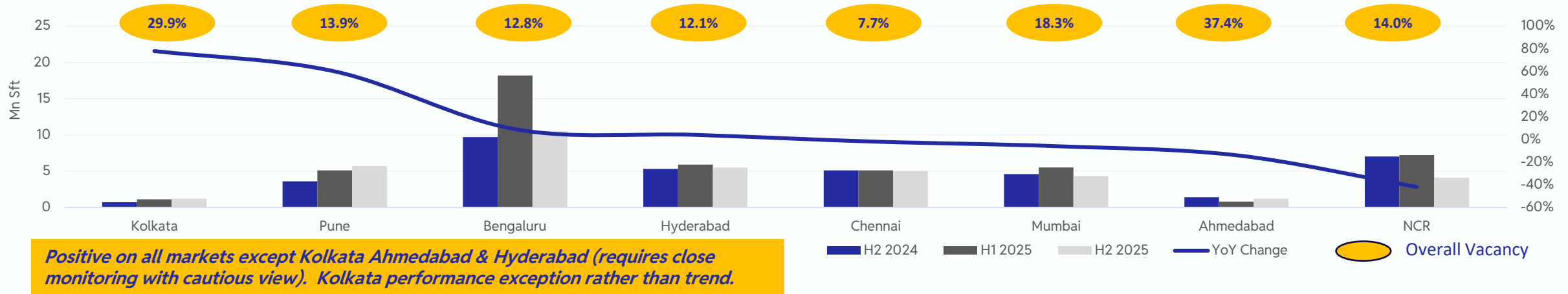
Valuation mismatches in late-stage assets, Prolonged exit timelines, Governance and compliance lapses impacting premium outcomes

Data to watch

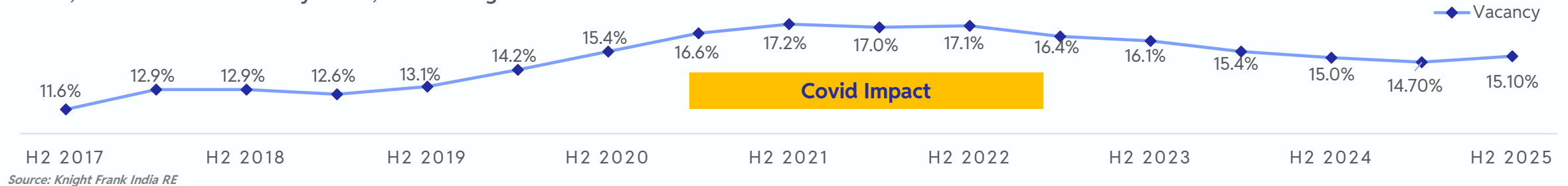
Late-stage valuation resets, Dry powder deployment velocity, IPO pipeline depth and conversion rate, sectoral concentration shifts

Real Estate: Commercial Real Estate Scaling New Peaks

In 2025, India office market has been able to achieve new highs in leasing backed by a very strong H1 performance (gross leasing of ~48.9 Mn sft – up 41% from H1 2024) and a good H2 performance (gross leasing of ~37.5 mn sft – up 1% from H2 2024 levels). IN H2, Bengaluru, Hyderabad and Pune led from the front accounting for ~58% of the overall leasing, while Kolkata were a surprise among markets in leasing growth.



While there is slight uptick in vacancy levels for H2 2025, over the last couple of years with absorption outpacing supply - vacancy levels have witnessed steady decline. With decline in vacancy levels, rentals surged 6% on a YoY basis



Source: Knight Frank India RE

Our Hypothesis

Commercial RE on a steady growth path with Bangalore & Delhi NCR market leading the charge.

Drivers

GCCs contributing ~36% of overall leasing. Flex office space growing at rapid pace (22%) & revival of third-party IT services (17%)

Risks

Quality supply constraints, monetary tightening, and macro environmental factors

Data to watch

New completions, vacancy levels, rental rate escalations, leasing transactions

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