IONIC WEALTH
BY ANGEL ONE

Asset X:
Investment Strategy

September 7, 2026

What We Are Seeing

Equities

Domestic Equities: Corporate earnings and growth continue to surprise on the upside, while RBI measures have helped stabilise the rupee. Valuations also remain attractive relative to 10-year median. We remain constructive on domestic equities and continue to favour one-shot deployment. The Large Cap-to-SMID allocation remains at 60:40, with a modest preference for SMIDs. Within sectors, we remain bullish on Nifty Metals and Financial Services. However, the ongoing geopolitical risks, elevated crude oil prices and the potential for a related global bond sell-off pose as key downside risks for domestic equities . **Global Equities** have been volatile in the recent period as uncertainty around the interest-rate trajectory and questions over ROI of the AI-driven capex cycle have weighed on investor sentiment. US markets witnessed increased allocation to defensives as well as large caps, despite extremely strong Q2 earnings results. Given increased exposure to AI and related themes we had recommend adding portfolio stabilizers to manage any future volatility, and we continue to favour that. New allocations can be considered through a well-diversified mix of developed markets, including the US, and select emerging markets outside India.

Fixed Income & Commodities

Domestic debt markets: Bond yields have found support from measures announced by the RBI and the Government to attract higher FPI inflows into domestic debt in June 2026. Additionally, the RBI's neutral policy stance and the absence of any immediate need for rate hikes should help keep yields supported. That said, persistently elevated US Treasury yields & potential rate hikes in the US could exert some upward pressure on domestic bond yields.

In Commodities, we remain constructive on gold, supported by strong structural fundamentals. One-shot allocation into gold ETFs can be considered.

Alternates

Rapid advances in AI, space and defence 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 & Mumbai markets leading the charge.

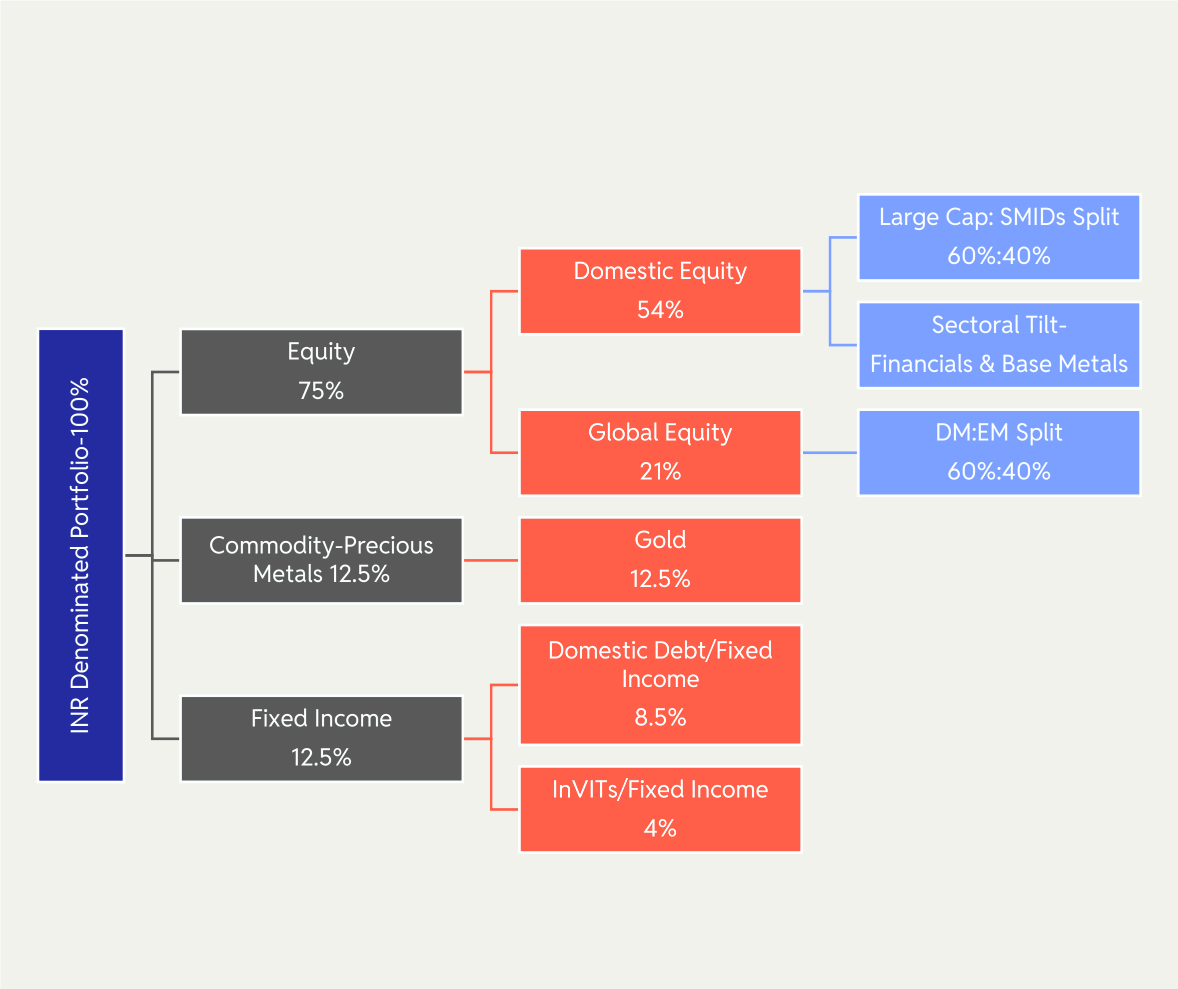
Currency

INR looks incrementally positive, supported by strong FCNR, OFCB and ECB deposits of ~USD 137 Bn. However, elevated oil prices continue to pose risk to the trade deficit and could limit INR gains. We expect the INR to remain range-bound within 90–96/USD.

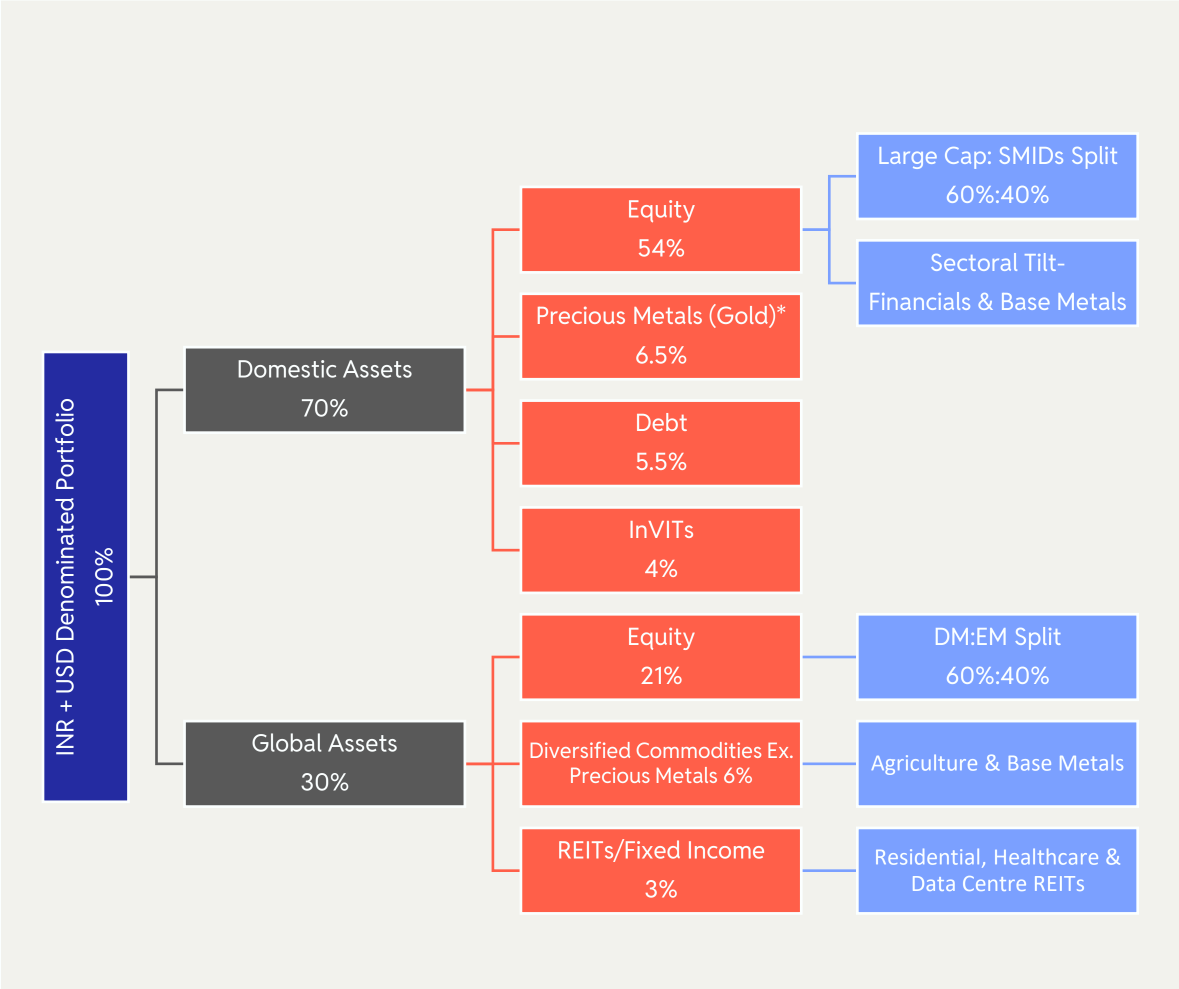
AssetX *brings you facts and data that cut through market noise. We highlight the most important signals across major asset classes in the global financial markets, so your investment strategy always stays on point.*

Asset Allocation Strategy

INR Denominated Portfolio



INR + USD Denominated Portfolio



* We prefer investing in gold in USD given it avoids the domestic gold import duty premium (currently 15%) that INR gold carries, along with deeper global liquidity and lower exposure to domestic policy volatility.

What We Are Doing

Deployment Notes

- Within Equity, we continue with our total equity allocation of 75%
  - **In domestic equity** we continue to maintain the positioning adopted in **July 2026**, with a **10% higher allocation to domestic equity**, a **60:40 split between large caps and SMIDs**, and a **lump-sum deployment approach**. We remain constructive on **metals**, supported by a positive commodities outlook, and **financials**, backed by improving credit growth, ample liquidity, and supportive RBI measures on **FCNR deposits and ECBs**.
  - In **global equity**, we continue to view the opportunity set as attractive and maintain our **lump-sum deployment approach** with a **60:40 allocation between developed markets (including the US) and emerging markets (excluding India)**. However, given the recent increase in market volatility, adding **portfolio stabilizers** as suggested in August 2026, could help improve risk-adjusted returns.
- As a tactical overlay, our factor analysis suggests to maintain 50% in momentum, 25% in low volatility and 25% value.
- **In Fixed Income**, given the increase in domestic and global volatility, particularly at the long end of the curve, we favour a **3–5 year portfolio duration**. **InvITs** can also form part of the portfolio, offering diversification alongside stable and predictable income streams. For investors with **USD exposure**, **REITs** can be considered as part of the mix, with a preference for residential, healthcare, and data-centre segments.
- Within **commodities**, we prefer allocating **100% of the commodities exposure to gold for INR-only investors**. Investors with **USD exposure** can diversify their commodities allocation across **gold, agriculture, and base metals**.

Domestic Equities: Economic Growth Has Re-Accelerated; Markets Could Catch Up

Q1 FY27 GDP growth accelerated to **7.8%**, while **Nifty 50 earnings rose 18%**, marking the strongest earnings growth in ten quarters. Despite this improvement in fundamentals, **large caps have remained broadly range-bound over the past year**, with valuations at around **20x earnings remaining reasonable**.

Indicator	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Trend
GST gross collections % yoy	6.2	8.1	8.8	8.7	3.2[1]	13.9	15.4	14.8	▲
2W retail, FADA % yoy	20.8	25.0	28.7	13.0	7.5	21.2	28.3	*~9.4**	▼
PV retail, FADA % yoy	7.2	26.1	21.5	12.2	23.3	28.6	19.1	*~35.3**	▲
IIP % yoy[2]	5.1	5.2	4.1	4.9	5.1	8.8	6.7	–	▲
CPI % yoy[3]	2.75	3.21	3.40	3.48	3.93	4.38	4.45	–	▲
WPI % yoy[4]	1.7	2.3	3.9	8.4	9.9	9.9	9.8	–	▲
PMI manufacturing	55.4	56.9	53.9	54.7	55.0	54.2	53.5	52.8	▼
PMI services	58.5	58.1	57.5	58.8	59.8	57.4	53.3	54.5	▼
PMI composite	58.4	58.9	57.0	58.2	59.3	57.1	54.3	54.6	▼
UPI value % yoy	20.7	22.2	19.2	21.2	18.9	20.3	19.1	20.0	▲

*Monthly activity indicators, Jan to Aug 2026. Green = strong for the month, red = weak; trend arrow compares the latest print with the prior three months (colour reads for India: rising inflation is red). Blank = not yet released. *Aug autos: OEM wholesale dispatches (1 Sep), not FADA retail; see note.*

Consumption indicators (autos, UPI, GST) and **economic activity** (GDP, IIP) remain resilient, while **survey-based sentiment** (PMIs) and **inflation** continue to be the weaker spots, with both being influenced by crude oil prices. **Rural income growth remains a key monitor and should be further validated by the monsoon.** On balance, the combination of resilient activity and improving demand conditions is consistent with the **early stages of an earnings upcycle**.

Nifty Metal quick dive (NSE factsheet, 31 Aug)

P/E	P/B	Div yld	Implied ROE	YTD	1Y	Beta
16.06x	2.71x	1.28%	16.9%	+18.1%	+44.1%	1.07

Why Metals: Metals trade at 16x earnings, a fifth cheaper than the Nifty 100, while Q1 saw one of the strongest profit recoveries. Tata Steel, Hindalco and JSW Steel account for half the index, making metals as much a conversion play as a commodity play

Ferrous: Domestic flat steel prices are up ~25% since December 2025, supported by safeguard duties and restocking, while China's crude steel output stood at 76.9mt in July, down 3.6% YoY and 3.1% over January–July (NBS), easing export pressure.

Constructive on metals as part of larger US REER (downcycle since Jan 2025) medium-term view
What could go wrong: coking coal ~5% dearer than in Q1, a stronger dollar, or China re-opening the export tap; beta 1.07 but 1.8x the Nifty 100's volatility (26% vs 14% annualised)

Split and valuation check (31 Aug)

Index	P/E	P/B	YTD	1Y	Q1 PAT yoy	PEG*	Our weight
Nifty 100	20.2x	2.98x	-5.5%	+0.9%	+21% (LC)	~1.35	60% (mkt 64)
Nifty MidSmallcap 400	30.8x	4.12x	+7.1%	+12.6%	+23% / +31%	~1.25-1.4	40% (mkt 36)
Nifty Financial Services	16.1x	2.43x	-4.8%	+2.8%	BFSI led beat	–	Overweight

**PEG on FY27E EPS growth (Nifty 50 +15% to ₹1,232; mid/small +22 to 25%, i.e. 30.8x / 22-25). Near parity, so 60:40 vs 64:36 mcap is a mild SMID tilt with no PEG penalty. Nifty 50 Q1 PAT +18%, a 10-quarter high vs +10% expected.*

Our Hypothesis

The June quarter delivered **18% Nifty earnings growth** against **10.3% nominal GDP growth**, with September quarter results likely to confirm the trend. **Large caps have remained range-bound despite profit growth**, keeping valuations reasonable. We favour **lump-sum deployment**, with a **60:40 large-cap to mid-/small-cap allocation**, and an **overweight on Financial Services and Metals**.

Drivers

Either of two global shifts works for India: the AI trade cooling, which sends foreign flows back to markets like ours, or crude and US long bond yields easing, which helps the rupee and gives the RBI room. So long as there is no crash, the Indian market is well positioned.

Risks

Further sharp rise in crude. It lifts inflation, dents oil-company profits, weakens rupee and long-end bonds and deters foreign flows. This is the only major reason we temper enthusiasm.

Data to watch

Bank credit growth (running ~19% against ~15% deposit growth, a sign demand for capital is real), the dollar index, the US 30-year yield, and the 15 September corporate advance-tax print as an early read on September-quarter profits.

Sources: MoSPI (GDP, IIP, CPI), DPIIT/OEA (WPI), GSTN/MoF (GST), FADA Vahan retail registrations (1,463 of 1,466 RTOs, ex Telangana; retail offtake, not SIAM dispatches), HSBC/S&P Global PMI (Aug services and composite are flash; final 3 Sep), NPCI (UPI), NSE Indices factsheets 31 Aug 2026, MOFSL Q1 FY27 review (17 Aug). [1] May GST headline 3.2%: May 2025 base includes ~₹10,000 cr one-off telecom spectrum payment; adjusted growth 9.0%, domestic 5%. [2] IIP rebased to 2022-23 from Apr 2026 with Output-PPI deflator (Jan-Mar on 2011-12 base); Jun revised up to 8.8% from the 7.3% quick estimate in the 28 Aug release. [3] CPI rebased to 2024=100 from Jan 2026; not comparable with 2025 series. [4] WPI rebased to 2022-23 from Apr 2026; Jan-Mar on 2011-12 base. RAG shading is relative within each row (inverted for CPI, WPI). *Aug 2W/PV are domestic OEM dispatches reported 1 Sep (company data), not FADA retail: PV eight OEMs 4.26 lakh vs 3.15 lakh (+35.3%; Maruti +34.8, Tata +59, M&M +50, Kia +48, Hyundai +23.6, Toyota -3); 2W six OEMs 19.13 lakh vs 17.48 lakh (+9.4%; Hero +4.4, HMSI +8, TVS +18, Bajaj +10, RE +11, Suzuki +13). Hero's own VAHAN retail was +19% against +4.4% dispatch, so dealers are selling faster than they restock. FADA retail replaces these ~6-8 Sep.

Data available as of August 2026

Factors: Momentum's lead builds, Value stays weak

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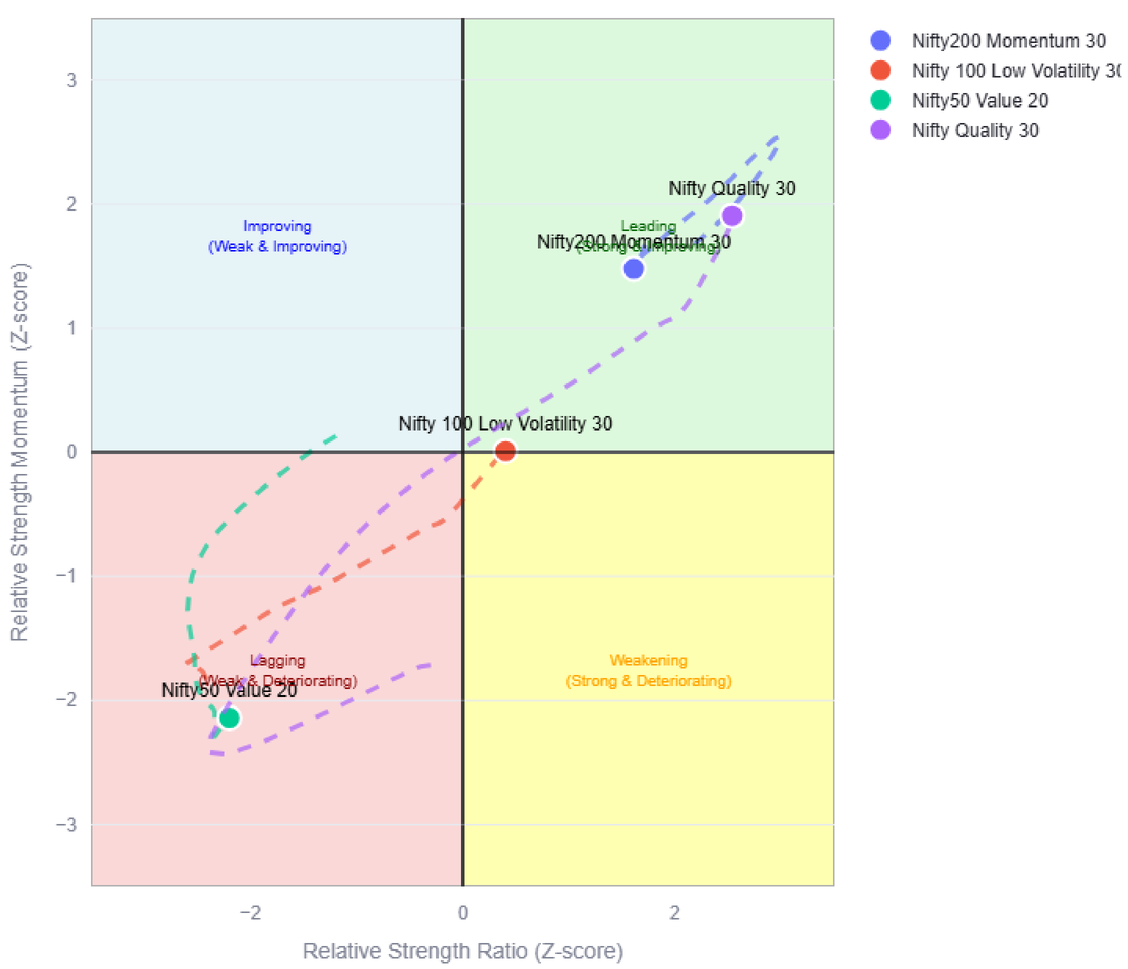
6 Month Relative Strength and Relative Momentum



Factor	1 Month	3 Months	6 Months	1 Year	3 Years
Low Volatility	-1.70%	3.63%	-0.29%	-0.13%	10.98%
Momentum	2.45%	2.92%	1.64%	5.78%	12.17%
Quality	0.80%	3.56%	3.71%	2.49%	9.72%
Value	-1.19%	-1.18%	-7.50%	-5.22%	5.76%
Nifty 50	-1.24%	2.26%	-3.16%	-1.42%	7.74%

- Momentum has now outperformed for two straight months
- Value’s trend has clearly reversed, and its allocation was reduced proactively, It remains a risk off factor
- Low Volatility had one month of slight underperformance to Nifty 50, but its long-term trend is still strong
- **Our View:** Maintaining our Momentum overweight, given the consistent trend
- **Basket Split:** 50% Momentum + 25% Value + 25% Low Volatility

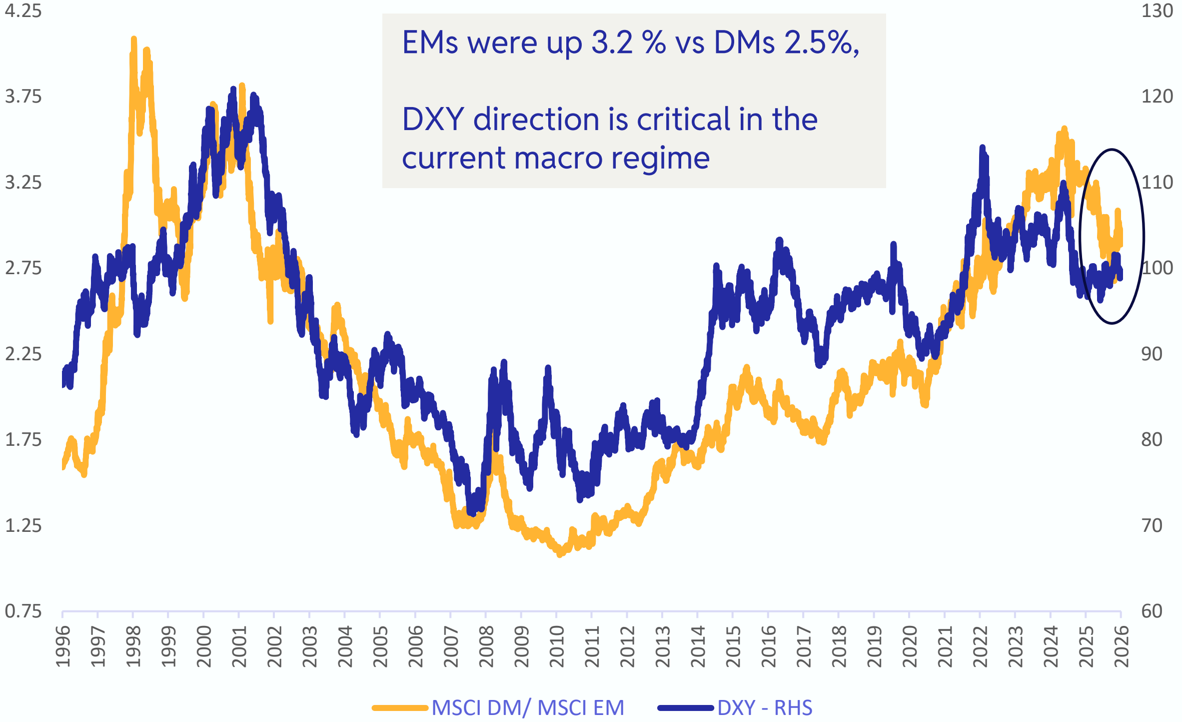
Risks

- Value remains under close watch if reversal continues , allocation could be cut shortly
- Momentum and Low Vol now clearly in leading quadrant – short blips of mean reversion could happen

Data available as of August 2026

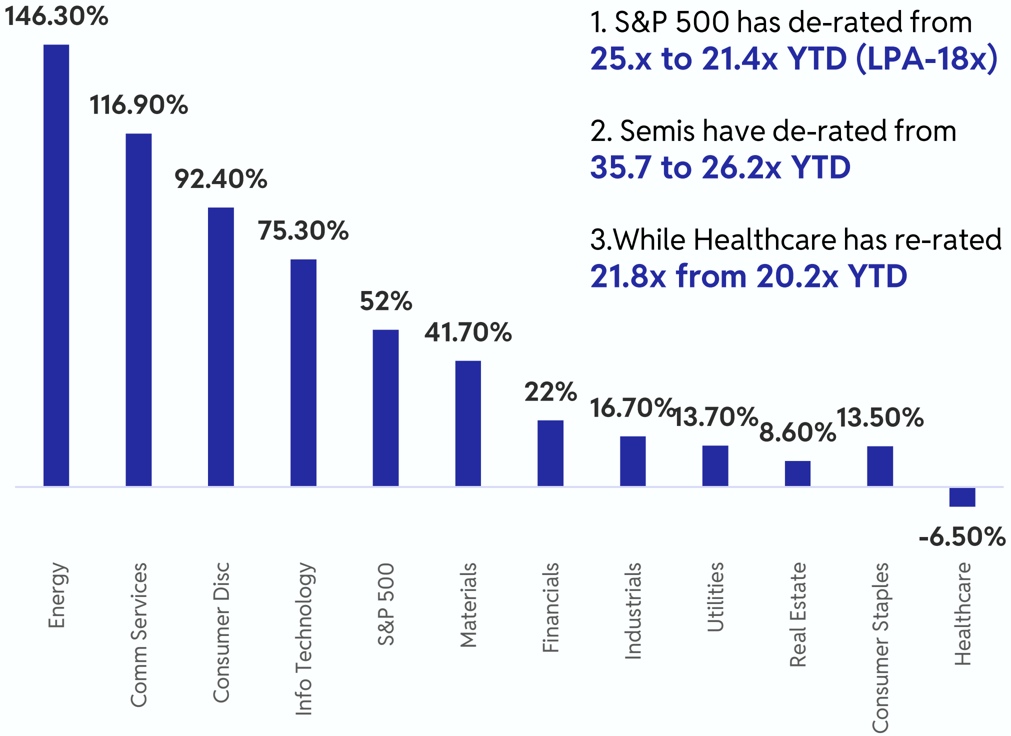
Global Equities: Strong Earnings Amidst Severe Macro Overhang, Dampened Sentiment But Improved Fundamentals, 60:40- DM:EM Call Intact

Following higher volatility in July, EMs outperformed DMs, while within the US, large caps and defensives remained resilient despite strong earnings.



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

US Q2 Earnings Came In Extremely Strong at 52% YoY, With Energy Sector Earnings Growing By 146%



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

Our Hypothesis
Volatility in the global markets could continue as markets assess the trajectory of rate actions along with ROI visibility on rising AI capex. US could continue as an anchor position, while within EMs a diversified basket of China, South Korea, Taiwan and Brazil could make an optimal global portfolio position. Additionally, adding portfolio stabilizers like defensives, non-AI markets, diversified indices and uncorrelated asset classes could help curb any future volatility.

Drivers
AI capex reckoning, rate hike risks, higher margin trading but at the same time strong fundamentals

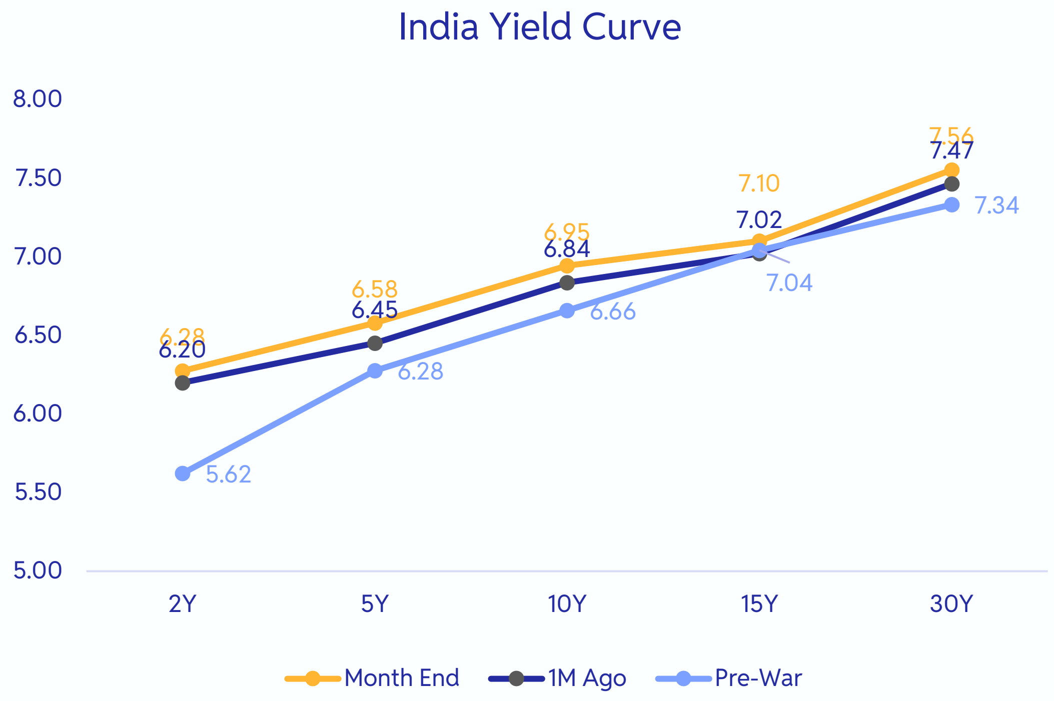
Risks
Bouts of AI fatigue, geo-political tensions, Fed hikes rates more than expected,

Data to watch
ETF flow trends, earnings growth, Fed rate action, war situation. AI Capex.

India Debt: Higher Volatility Supports a 3–5Y Duration Strategy

At this juncture, we prefer to maintain a 3–5Y portfolio modified duration, given elevated volatility across both domestic and global markets.

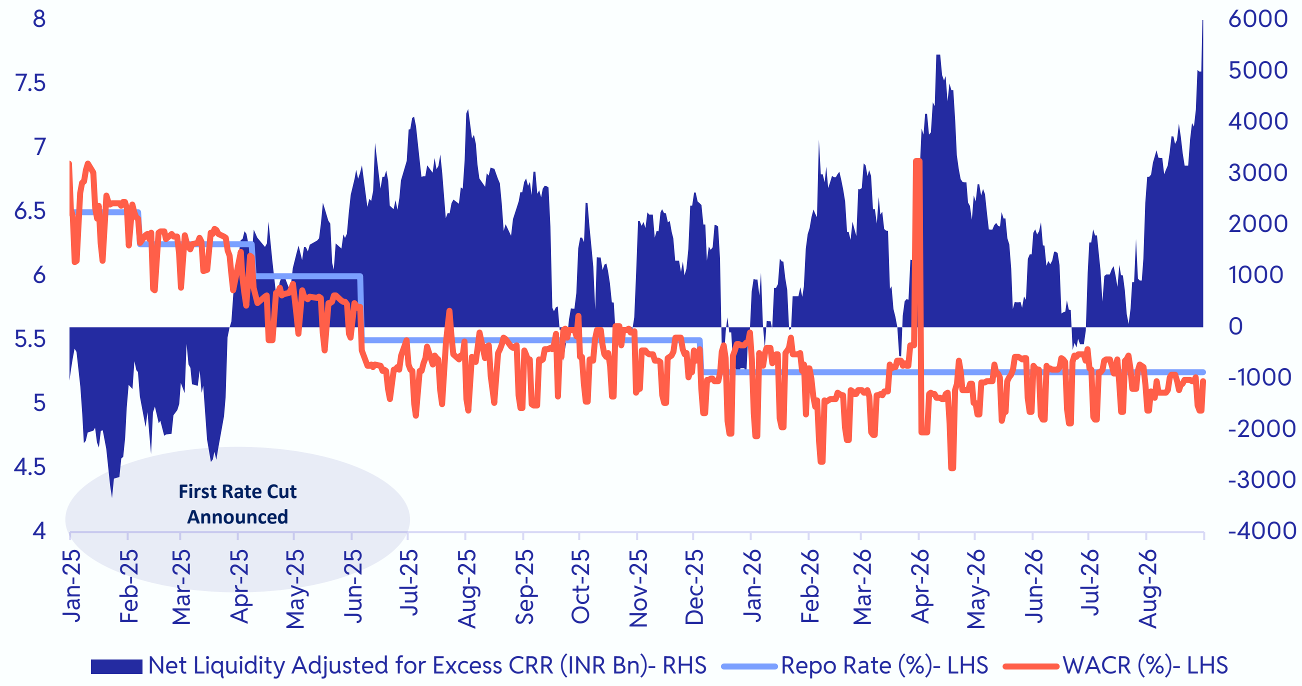
Domestic bond yields moved up between 8-13 bps across the curve during August 2026.



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

Systemic liquidity increased during August 2026. Average systemic liquidity stood at Rs. 3685 Bn, compared to Rs. 1124 Bn in the previous month

So far, WADTDR has come down by 72 bps , while WALR has come down by 81 bps against a cumulative easing of 125 bps between Feb-25 & Aug-26



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

Our Hypothesis

Domestic bond yields could remain under pressure, driven largely by elevated global yields, particularly in the US. US rate hike expectations have risen as the new Fed Chair places greater emphasis on curbing inflation, while domestic rate hike expectations have also increased following the stronger-than-expected GDP print. Against this backdrop, we favour maintaining portfolio duration in the 3–5 year range.

Drivers

Higher US treasuries, persistent geo-political tensions, and increasing possibility of rate hikes.

Risks

Stubborn inflation, rate hikes in the US, prolonged geo-political tensions

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: Pockets of Stress, But Supportive Factors including Record FCNR raise Should Cushion INR

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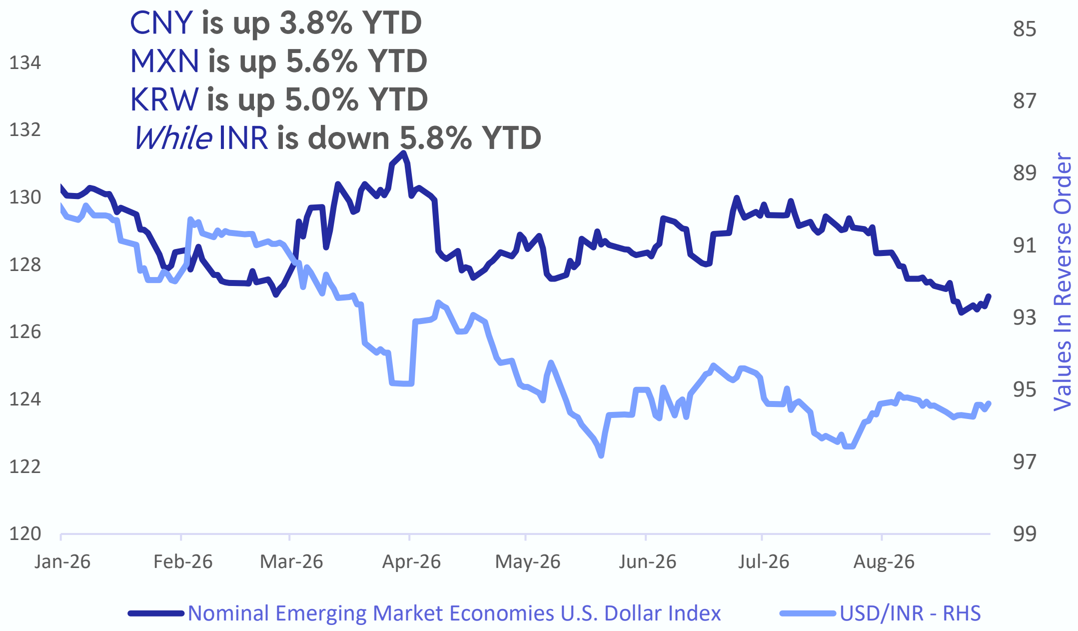
BoP stress remains largely from higher trade deficit (higher oil import bill), accompanied by uneven FPI flows. **However, going forward, robust foreign flows through FCNR +OFCBs+ ECB of USD 137 Bn should help INR's case** *USD Bns*

	April-June 2025	April-June 2026	Change
Current Account	**-3.4**	**-4.2**	**-0.8**
Merchandise	-68.9	-86.1	**-17.2**
Services	47.9	51.6	**3.7**
Primary Income	-13.3	-10.5	**2.8**
Secondary Income	30.9	40.8	**9.9**
Capital Account and Financial Account	**4.7**	**2.6**	**-2.1**
Direct Investment	5.2	6.1	**0.9**
Portfolio Investment	1.6	-9.6	**-11.2**
Other Investments	7.9	7.7	**-0.2**
ECBs to India	4.4	3.3	**-1.1**

	Mar-26	Aug – 26/	Change in FYTD26
FX Reserves (USD Bn)	688.1	729.3	+41.2
RBI's Net Forward Position (USD Bn)	-103.1	-136.7	-33.6
Effective FX Reserves (USD Bn)	**585.0**	**592.6**	**+7.6**

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

While the USD has depreciated against a basket of EM currencies, **INR has remained relatively weaker, reflecting a combination of domestic and external factors.**



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

Our Hypothesis
Despite renewed volatility from Middle East geopolitical tensions, INR remains supported by RBI stabilization measures and strong FCNR deposit inflows. While a higher trade deficit could continue to exert some pressure, improving BoP dynamics should provide a cushion. We expect USD/INR to remain range-bound at 90–96 in the near term.

Drivers
Strong capital account, but at the same time persistent tensions between US & Iran, volatile FPI flows, trade deficit pressures

Risks
Persistence in US-Iran conflict for a prolonged time, sustained slowdown in FPI flows in domestic market, DXY strengthening

Data to watch
FX reserves, flows, DXY, geopolitics, inflation differential, yield movements

Commodities: Gold Retains a Structural Advantage, 100% Allocation To Gold Looks Favourable

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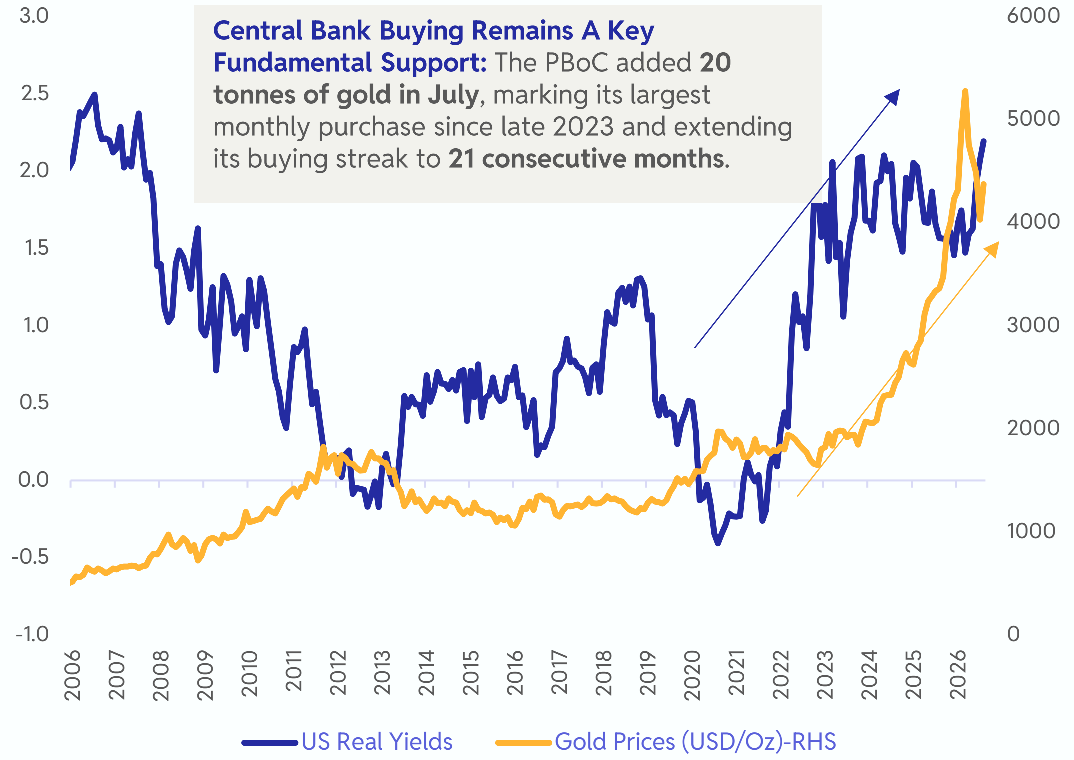
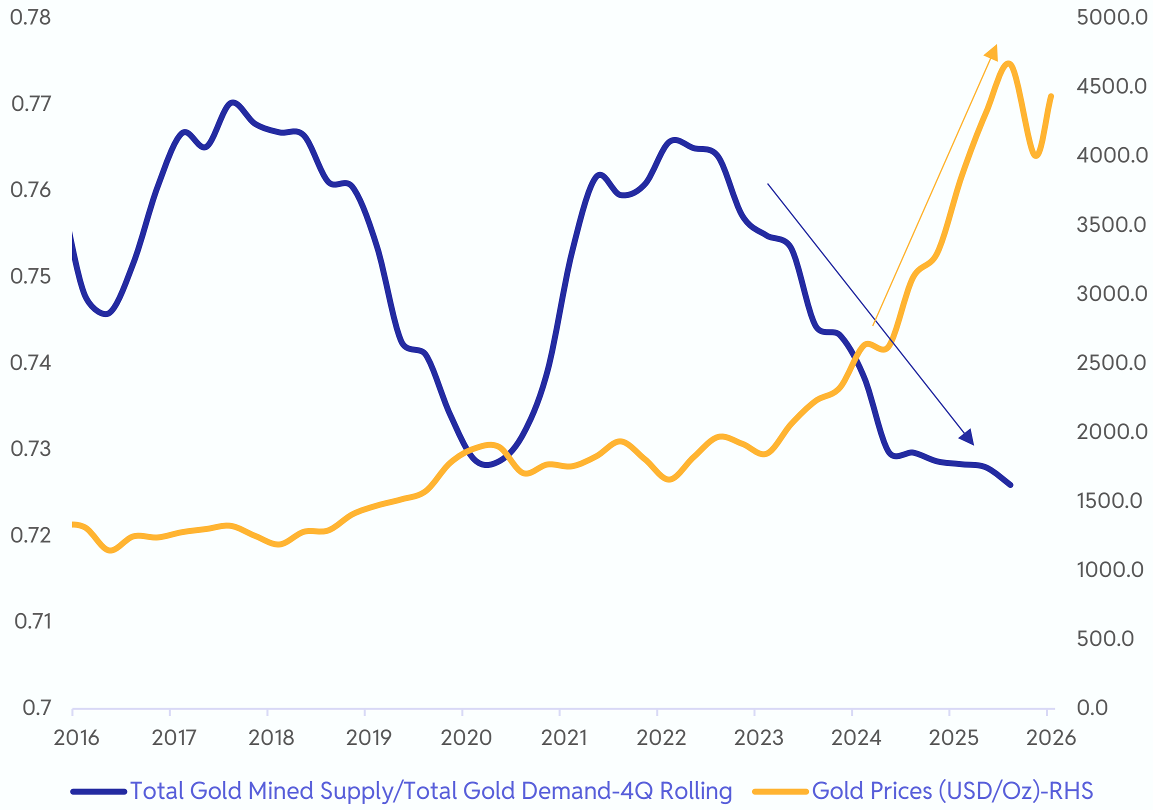
In the recent past, gold has continued to gain even during higher real yields



Central Bank Buying Remains A Key Fundamental Support: The PBoC added **20 tonnes of gold in July**, marking its largest monthly purchase since late 2023 and extending its buying streak to **21 consecutive months**.

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

Gold Mine Production Has Struggled To Keep Pace With Demand, Supporting Further Upside Potential For Gold Prices



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

Our Hypothesis
Gold's long-term outlook remains strong, supported by sustained central bank buying and the diminishing appeal of USTs as a safe-haven asset. We therefore retain our view of maintaining a 100% allocation to gold within the commodity exposure.

Drivers
Central bank demand for gold remains strong and is expected to continue providing structural support.

Risks
Continued USD strength, reduced demand by Central Banks, slower than expected reversal in ETF flows, rate hikes in the US

Data to watch
Sentiments, DXY, demand from China and other central banks for Gold,

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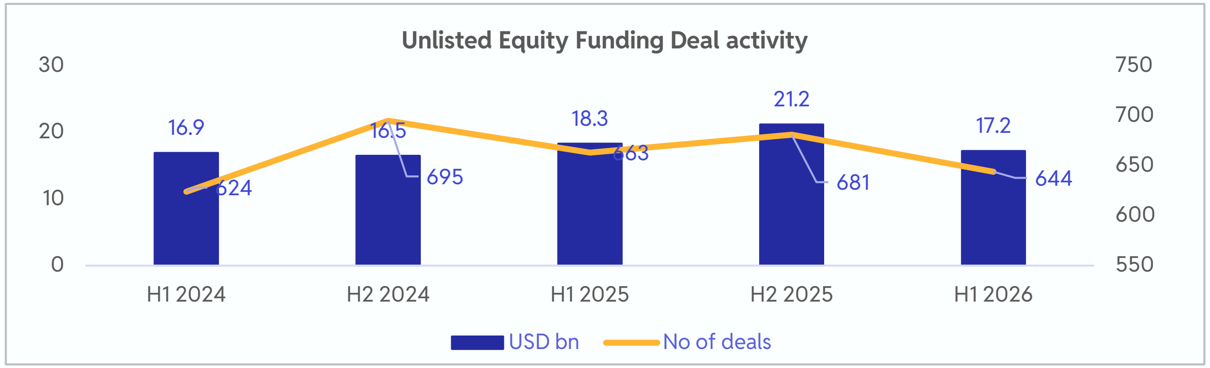
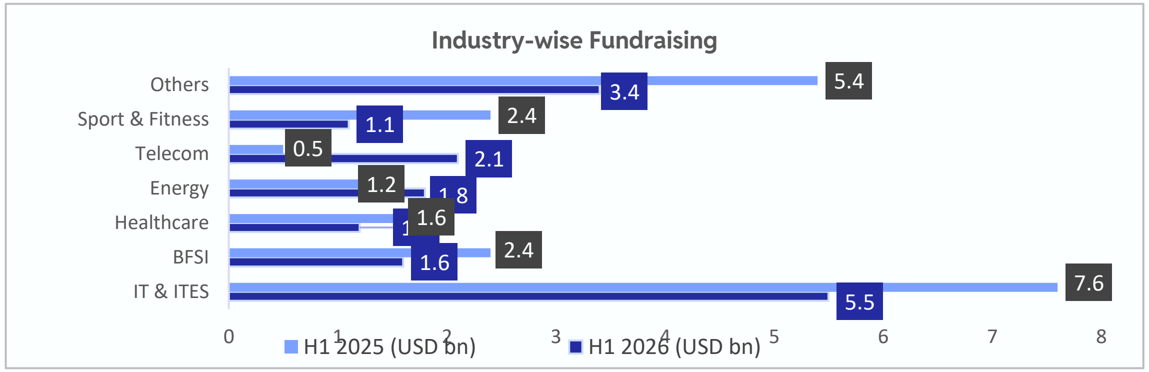
Private Equity: Deal Momentum Cools as Exits Slow, Selective Deployment Persists

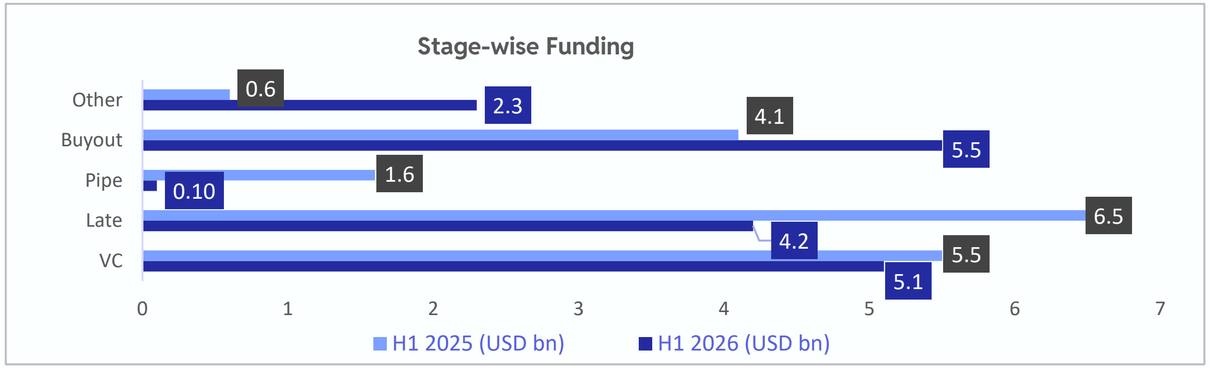
PE markets have moderated after peaking in H2 2025, with H1 2026 deal value falling to $17.2bn across 644 deals — below both the H2 2025 high ($21.2bn/681 deals) and prior-year levels. Capital deployment remains selective, with investors favoring conviction-led transactions over broad participation even as overall activity softens.



IT & ITES continues to lead fundraising, rising to $7.6bn in H1 2026 on scale, export visibility, and AI-led transformation tailwinds. Fundraising broadened across BFSI, Telecom, Energy, Sport & Fitness, and Others, all posting gains over H1 2025. Healthcare was the notable exception, dipping slightly as investors reassess pricing and regulatory dynamics in the sector..

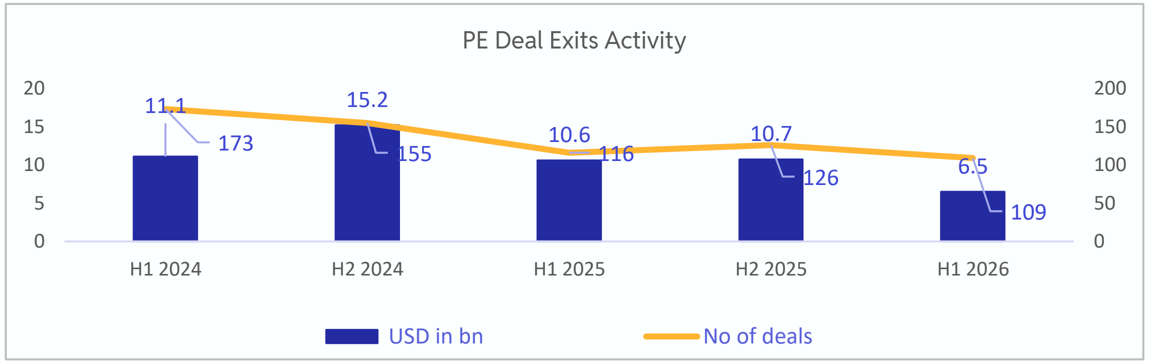


Buyout and Pipe-stage funding saw the sharpest gains, reflecting growing investor appetite for founder-transition, secondary, and structured deals backed by strong dry powder. VC funding held broadly steady, while late-stage rounds pulled back, suggesting a shift in preference toward de-risked, control-oriented structures over pure growth capital.



Source: IVCA, Ionic Wealth, Data available as of August 2026

Exit activity slowed materially in H1 2026, with value falling to $6.5bn on just 109 deals — the lowest of the five-half-year period tracked. Near-term realisations are likely to lean on sponsor-to-sponsor deals and strategic sales, with IPO-driven exits remaining window-dependent until broader market stability returns.



Source: IVCA, Ionic Wealth, Data available as of August 2026

Our Hypothesis

Private equity is entering a consolidation phase — fundraising stays resilient, but deal and exit activity are moderating as investors prioritize quality and exit certainty over pace.

Drivers

Broad-based fundraising strength across IT & ITES, BFSI, and Telecom; rising buyout and Pipe activity backed by strong dry powder.

Risks

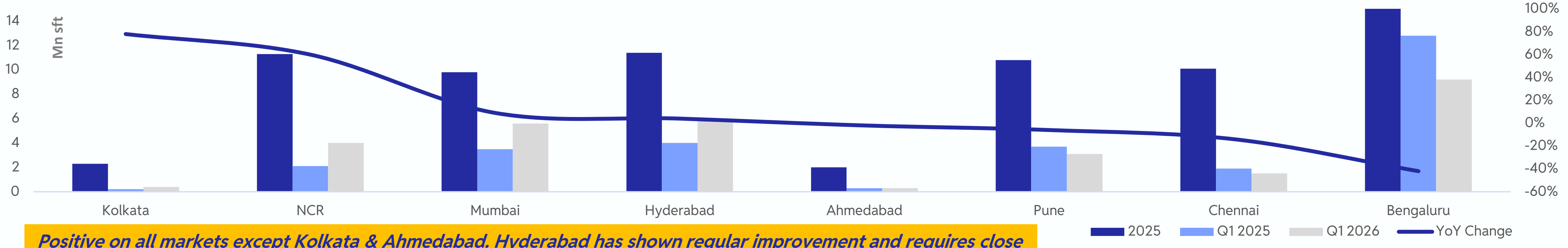
Slowing exits and declining deal volumes signal valuation resets, prolonged holding periods, and IPO window-dependence.

Data to watch

Exit recovery, late-stage funding trends, Healthcare re-rating, and IPO pipeline conversion in H2 2026.

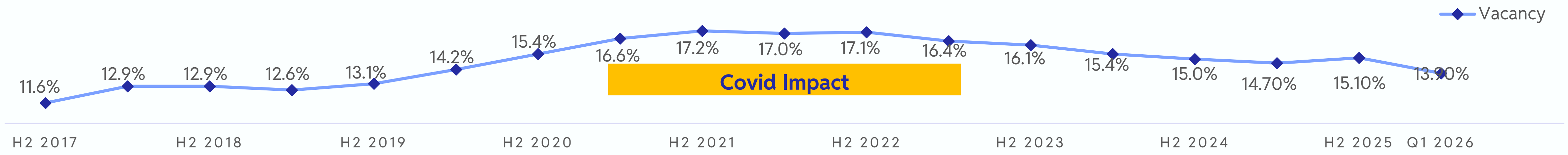
Real Estate: Commercial Real Estate Scaling New Peaks

Following the strong performance witnessed in 2025, the office market reached a new quarterly high of 29.9 million sq. ft. in Q1 2026, surpassing the previous peak recorded in the base period of Q1 2025 by 6%. Unlike 2025, when leasing activity was largely concentrated in Bengaluru, the growth in Q1 2026 was broad-based across key markets, reflecting a more balanced and geographically diversified expansion in office demand.



Positive on all markets except Kolkata & Ahmedabad. Hyderabad has shown regular improvement and requires close monitoring with cautious view. Bengaluru decline more a reason of base effect following a strong Q1 2025.

With deliveries across the 8 markets have seen a 154% YoY increase in Q1 2026, overall office completions still trail behind absorption due to which vacancy has compressed to 13.9% in Q1 2026. With decline in vacancy levels, rentals surged 6% on a YoY basis.



Source: Knight Frank India RE, Data Available as of August 2026

Our Hypothesis
Commercial RE on a steady growth path with Bangalore & Hyderabad and Mumbai market leading the charge.

Drivers
GCCs contributing ~48% of overall leasing. India-facing businesses, third party IT services, and flex operators accounted for 19%, 15% and 17% of the total leasing.

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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