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BY ANGEL ONE

Asset X:
Investment Strategy

February 5, 2026

"Asset X" is a multi-asset strategy that aims to highlight the most important signals in the financial markets, across the major asset classes. We strive to marry clarity of thought with brevity.

What we are seeing

Equities

Domestic Equity markets look incrementally favourable, supported by improving macros and visible recovery in corporate earnings. Finalisation of trade deal with the US could further strengthen sentiment. Going forward, we expect some broadening of the financial markets **Within sectors**, we retain our sector bias towards industrial metals amid USD weakness, structural supply deficits and potential revival in the global economy. Also, chemicals look incrementally favorable given improved currency competitiveness vis-à-vis CNY + lower tariffs than China. **Global Equity markets** continue to be an important lever for diversification. While US is still the core position, modest valuations, consistent DXY weakness and improving fundamentals mean that World (ex-US) especially Emerging Markets (ex-India) look favorably positioned.

Alternates

Rapid advances in AI 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 is the space where we continue to see steady growth across most cities (except Kolkata, Ahmedabad & Hyderabad which require deliberate monitoring)

Fixed Income & Commodities

Domestic Debt markets have seen some short-term volatility largely driven by global factors. We expect further liquidity infusion and rate cuts both by RBI and the US Fed to be supportive for domestic yields.

In Commodities, both gold and silver continue to have strong fundamental drivers, however the parabolic upswing in the silver markets has recently corrected and could see further downside, demanding higher discipline. Gold though corrected from the peak, holds a strong ground and could continue be a good hedge against geopolitical tensions.

Currency

INR continues to be one of the worst performing key currency, however, incremental improvement in fundamentals, finalization of trade deal with the US and potential betterment in the capital account could support INR going forward. **We expect limited depreciation from hereon and expect USD/INR to be in the range of 88-92.**

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

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Deployment Notes

- At this point within Equity, **75:25 mix between domestic & global equity** seems ideal
  - We prefer to deploy 100% of domestic equity portion upfront to one's neutral portfolio, reflecting our incrementally positive bias. Within sectors we are tactically biased towards industrial metals and chemicals
  - For global equity, 100% allocation 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 Fixed Income, a **75-25 mix** between mid (3Y-5Y) and long duration (30Y and above) bonds will be an ideal portfolio construct
- While we continue to be bullish on precious metals however, keeping risk adjusted returns in mind we prefer allocating **85% to Gold and 15% staggered position Silver** on new positions (changed from 75:25)

Asset Signals

- **Domestic Equity:** Earnings & Macros reviving on the margin + favourable trade deal
- **Global Equity:** World ex US looks more favourable amid weakening USD
- **Fixed Income:** Continued liquidity infusion & rate cuts to support
- **Commodities** Gold favourable, silver warrants more discipline
- **Private Deals** Structural private market growth
- **Real Estate** Commercial segment growth

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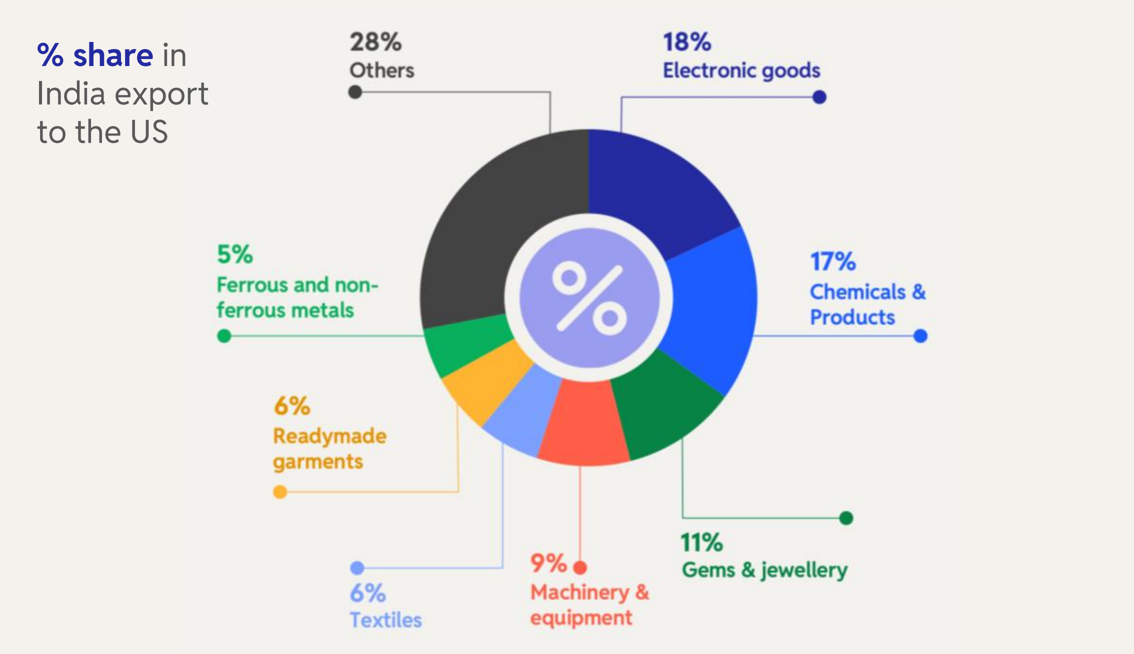
India Equity: Gradual Earnings And Macro Recovery + Plus Favourable Trade And Policy Support—Set Up A Constructive Backdrop For Domestic Equities

Macros reviving on the margin, although sustained improvement essential for broad based recovery in markets

							Dec-25	Dec-24
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	12M Rolling Avg	12M Rolling Avg
Passenger cars sales YoY%	1.9	1.3	6.8	8.5	16.5	18.6	↑ 1.4	↓ -9.8
Two wheelers Sales YoY%	13.3	10.5	8.0	4.4	22.8	35.8	↓ 8.9	↑ 16.3
Tractor Sales YoY%	7.1	24.6	42.9	14.4	30.3	34.9	↑ 20.3	↓ -2.2
Eight Core Industry YoY%	3.7	6.5	3.3	-0.1	2.1	3.7	↓ 3.1	↑ 4.9
IIP YoY%	4.3	4.1	4.6	0.5	7.2	7.8	↓ 3.9	↑ 4.4
Bank Credit YoY%	10.0	10.0	10.4	12.5	11.5	14.5	↓ 10.9	↑ 16.1
Personal Loans YoY%	11.9	11.8	11.7	14.0	12.8	14.4	↓ 12.3	↑ 20.5
Credit to Industry YoY%	6.0	6.5	7.3	10.0	9.6	13.3	↓ 7.9	↑ 8.7
Credit to Services YoY%	10.6	10.6	10.2	13.0	11.7	15.3	↓ 11.2	↑ 17.6
Deposit Growth YoY%	10.2	10.2	9.5	10.9	10.2	12.7	↓ 10.4	↑ 12.1
Credit-Deposit Ratio YoY%	79.2	79.3	80.3	80.2	80.5	81.8	↑ 80.1	↓ 79.7
Systemic Liquidity (Rs. Bn)	3264.1	2639.8	1545.6	1083.0	2376.5	-95.5	↑ 1334.2	↓ 424.6
Policy Repo Rate %	5.5	5.5	5.5	5.5	5.5	5.3	↓ 5.8	↑ 6.5
Govt. Capital Expenditure (Rs. Tn)	0.7	0.8	1.5	0.4	0.4	1.3	↑ 1.0	↓ 0.8
GST Collections YoY%	7.5	6.5	9.1	4.6	-4.0	1.3	↓ 7.6	↑ 9.8

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

US-India Trade Deal- Gives Clarity on USD 87 Bn of India Exports i.e., 20% of the total exports



- Labour intensive sectors to benefit the most (textiles, gems & jewellery etc.)
- Chemicals to benefit from improved INR competitiveness against CNY + lower tariff than China

Source: CMIE, Ionic Wealth, Data available as of January 2026

Our Hypothesis
We believe that a combination of factors from earnings to economic data are now improving. And now with India-US trade deal behind us, it could be incrementally positive for the domestic equity markets. However, sustained return of FPIs would be crucial.

Drivers
Improving earnings & macros, easy monetary policy, domestic growth revival and a favourable trade deal.

Risks
India macro weakening further, slower than expected revival in earnings, slower than expected return of FPIs

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

Sectoral Cues: Apart From Previous Call On Metals, Chemicals Maybe Poised For Upside Amid Improving Currency Competency

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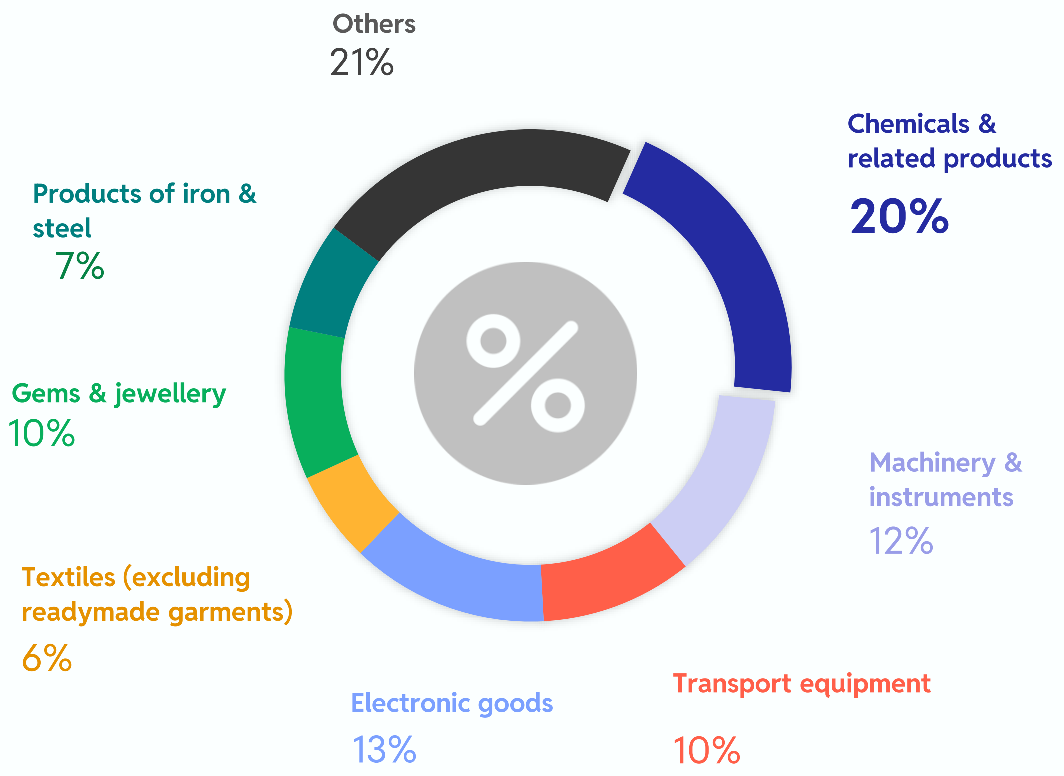
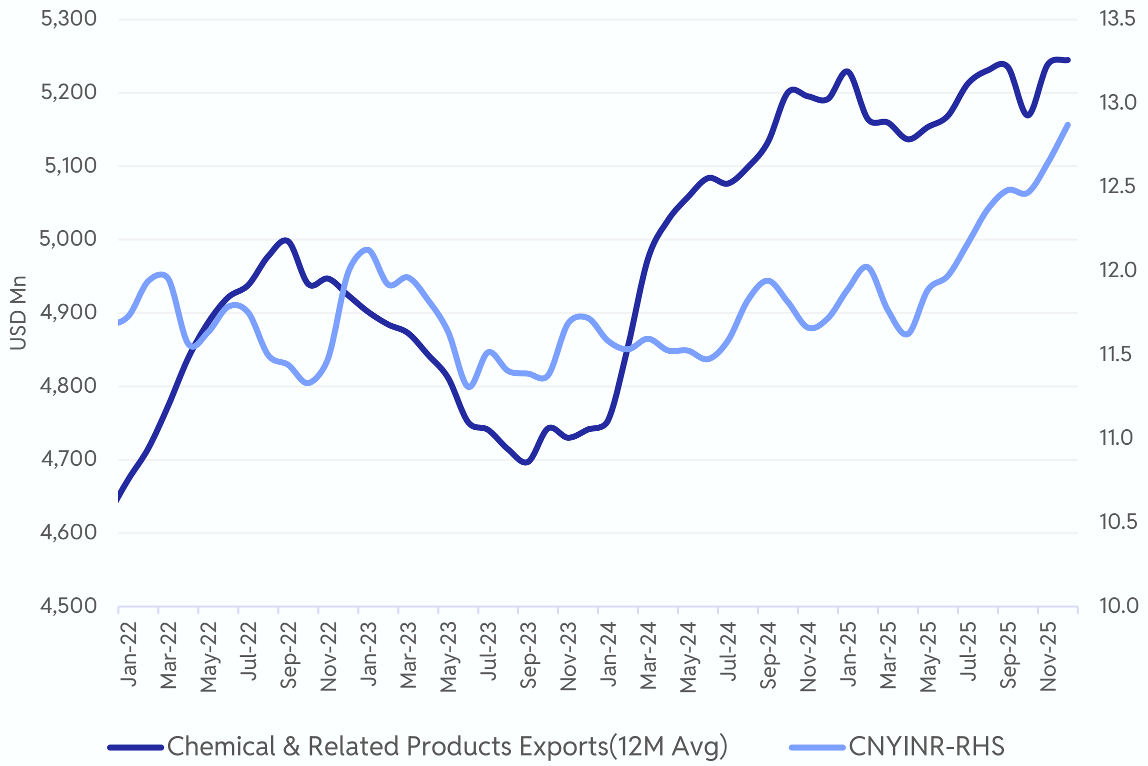
Chemicals form the highest share in India's manufactured goods exports



Source: CMIE, Ionic Wealth, Data available as of January 2026

INR depreciation against the CNY can act as a strong tailwind for chemical exports, thereby supporting export & revenue growth of domestic players



Source: CMIE, Bloomberg, Ionic Wealth, Data available as of January 2026

Our Hypothesis
Tactically positive on chemicals sector as INR plummets to record low levels against CNY, providing a strong tailwind for the sector. While China remains the largest chemicals exporter (16% of global exports), India stands to benefit from diversification away from China, INR depreciation and constructive policies in promoting domestic chemical manufacturing

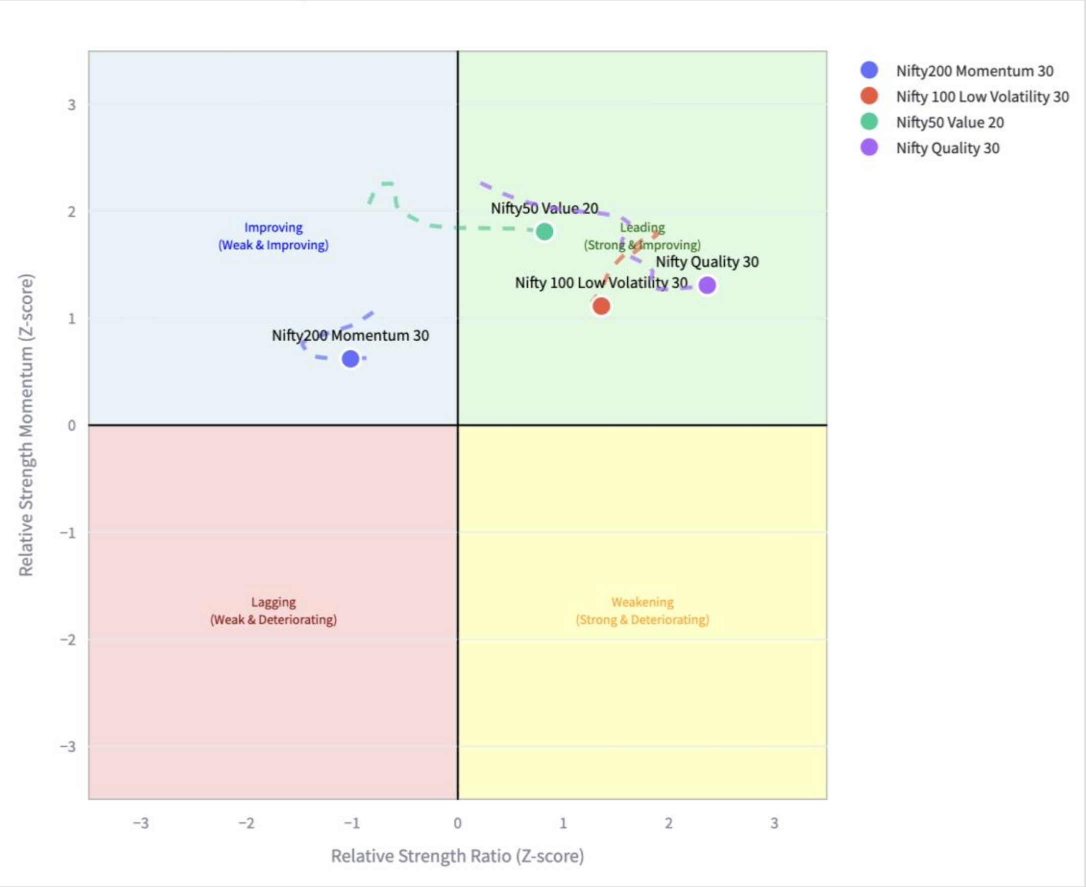
Drivers
Currency competitiveness, supply chain diversification, and supportive policy measures aimed at boosting domestic chemical manufacturing.

Risks
Increased trade conflicts, forced CNY depreciation, favourable trade deal between US & China

Data to watch
Currency movement, domestic chemical manufacturers revenue growth, US-China & US-India trade relationships

Factors: Value & Low Volatility still gaining, Momentum struggling

6 Month Relative Strength and Relative Momentum



Source: Ionic Wealth, Data available as of October 2025 | NSELV30: Low Volatility | NSENV20: Value | NS200MOMP: Momentum | NSEQ30TR: Quality | Nifty Top 10 Equal Weight: Size Data available as of January 2026

Factor	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years
Low Volatility	-3.23%	-0.97%	2.31%	6.04%	15.92%	13.78%
Momentum	-2.63%	-3.55%	0.33%	2.70%	17.68%	18.09%
Quality	-0.91%	1.30%	5.45%	5.08%	14.66%	12.34%
Value	-0.37%	2.19%	5.66%	0.04%	12.33%	13.95%
Nifty 50	***-3.10%***	***-1.56%***	***2.23%***	***7.71%***	***12.76%***	***13.18%***

- Momentum hasn't seen the reversal of move as anticipated
- Since our over-weight allocation, Momentum has delivered considerable alpha over Nifty 50
- Value factor's pace of outperformance has stagnated, but has historically performed better in volatile markets
- **Our View:** Overweight in Value with neutral on Low Volatility and Momentum

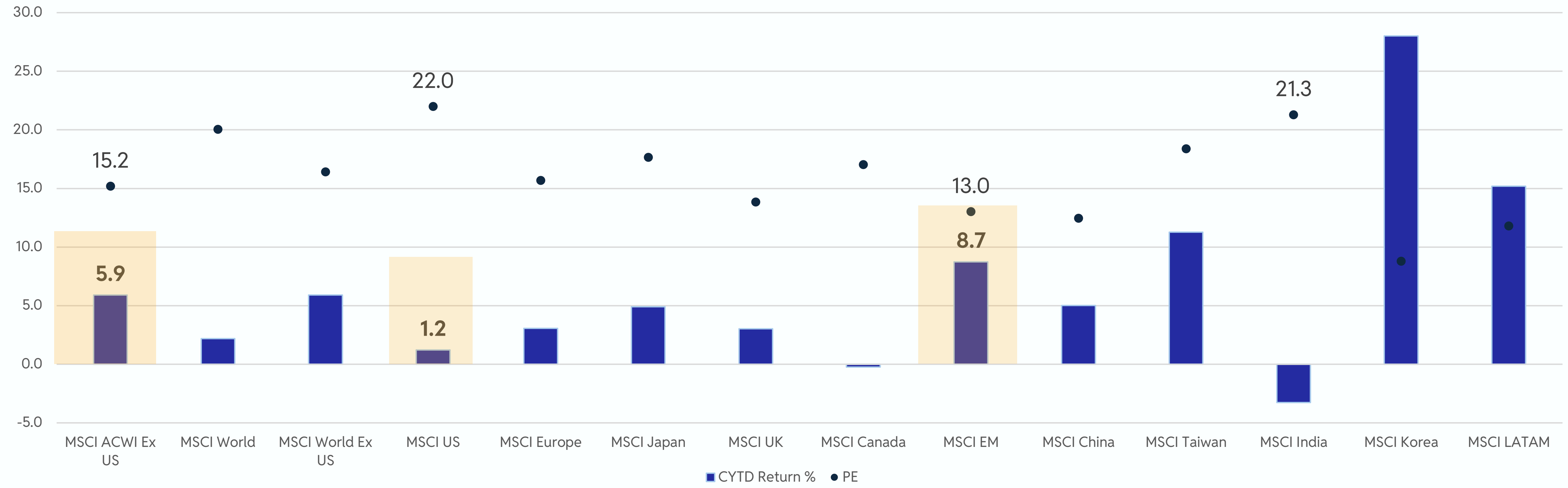
Risks

- 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/down move

Global Equities: Favorable Opportunity, World Ex US Positioned Favourably Especially EMs

EMs are favourably positioned amid modest valuations, sustained reversal in DXY cycle, and improving fundamentals.

Returns: EMs > World Ex US > US *Also* PE: EMs < World Ex US < US



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

Our Hypothesis
Diversify across global economies. Incrementally, World Ex US especially EMs look more favourable. US earnings remain resilient, however stretched valuations could lead to some further correction/consolidation.

Drivers
Reasonable valuations ex US, improving fundamentals and strong signals of USD weakening.

Risks
Stagnant/falling global growth, continued policy uncertainty under Mr. Trump's administration could create volatility in the global markets

Data to watch
Monetary and fiscal policy of China, US's rate actions, Japan's interest rate decisions, DXY, yield movement, earnings

India Debt: Mix of Medium Term And Long-Term Debt

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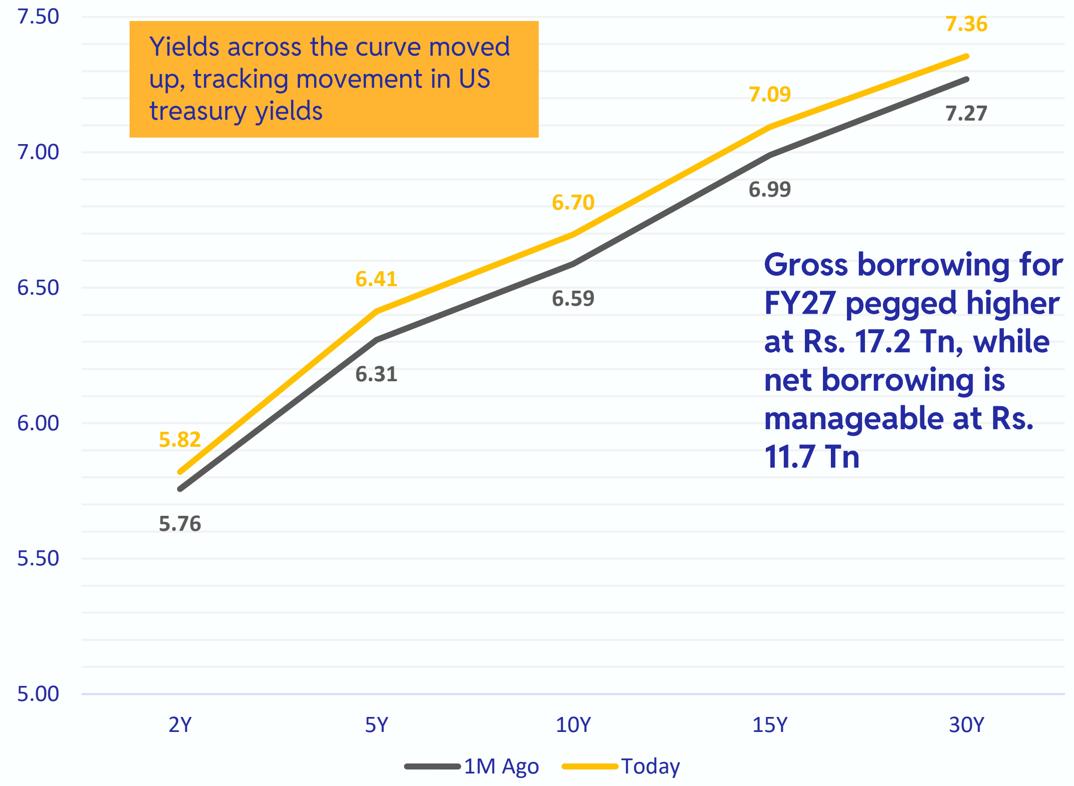
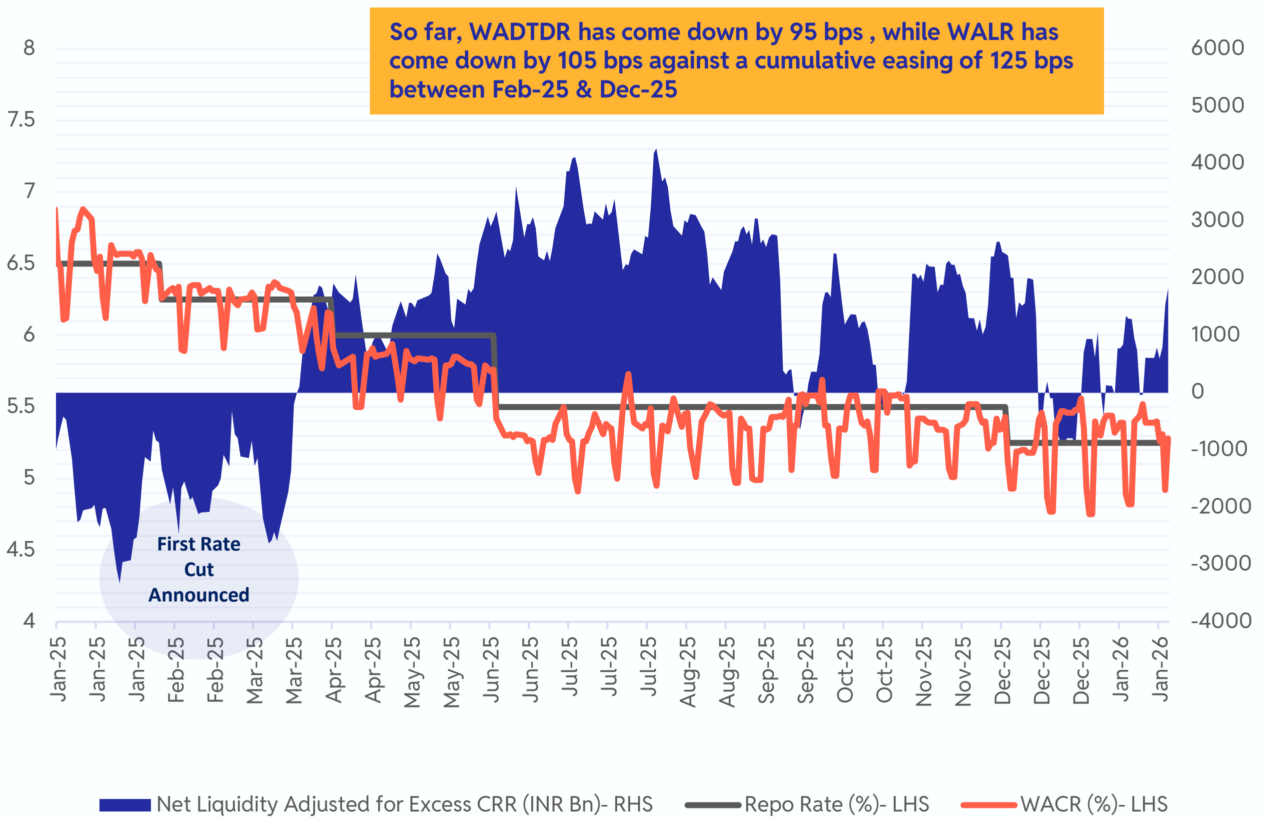
An ideal mix can be **75% allocation in the 3-5 years duration and 25% in the longer duration**.



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

Systemic liquidity increased to a comfortable surplus amid continued liquidity infusion by the RBI



Source: Bloomberg, Ionic Wealth, Data available as of January 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 ~75% in 3-5Y papers ideal, while ~25% could be allocated in longer durations. This mix could benefit from rate cuts and liquidity infusion by the RBI

Drivers
Domestic rate cuts and easy liquidity, US rate cuts

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

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 Remains One Of The Worst Hit Currencies, Trade Deal + FII return could alleviate some pressure hereon

INR continues to be one of the worst performing key currency even as DXY continues to slide. Although, FPI pressures sustain, likely improvement in the capital account amid strong & stable policies and a favourable trade deal with the US, could curb INR depreciation from here on.

Finalisation of trade deal with the US could be beneficial for India's current account, capital account as well as INR

USD & INR depreciation continue to co-exist

	CYTD 2026	CYTD 2025	1Y Change 2026	1Y Change 2025
USD/CNY	0.4%	0.7%	4.0%	-1.1%
USD/INR	-2.2%	-1.1%	-6.2%	-4.3%
USD/KRW	-0.1%	1.2%	0.9%	-9.0%
USD/JPY	1.3%	1.3%	0.3%	-5.6%
EUR/USD	0.9%	0.1%	14.4%	-4.2%
GBP/USD	1.7%	-1.0%	10.4%	-2.3%
DXY	-1.4%	-0.1%	-10.5%	4.9%

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

Our Hypothesis
INR is likely to be rangebound from here on between 88-92.

Drivers
Strong & Stable policies and favourable trade deal could revive FPI interest into domestic markets.

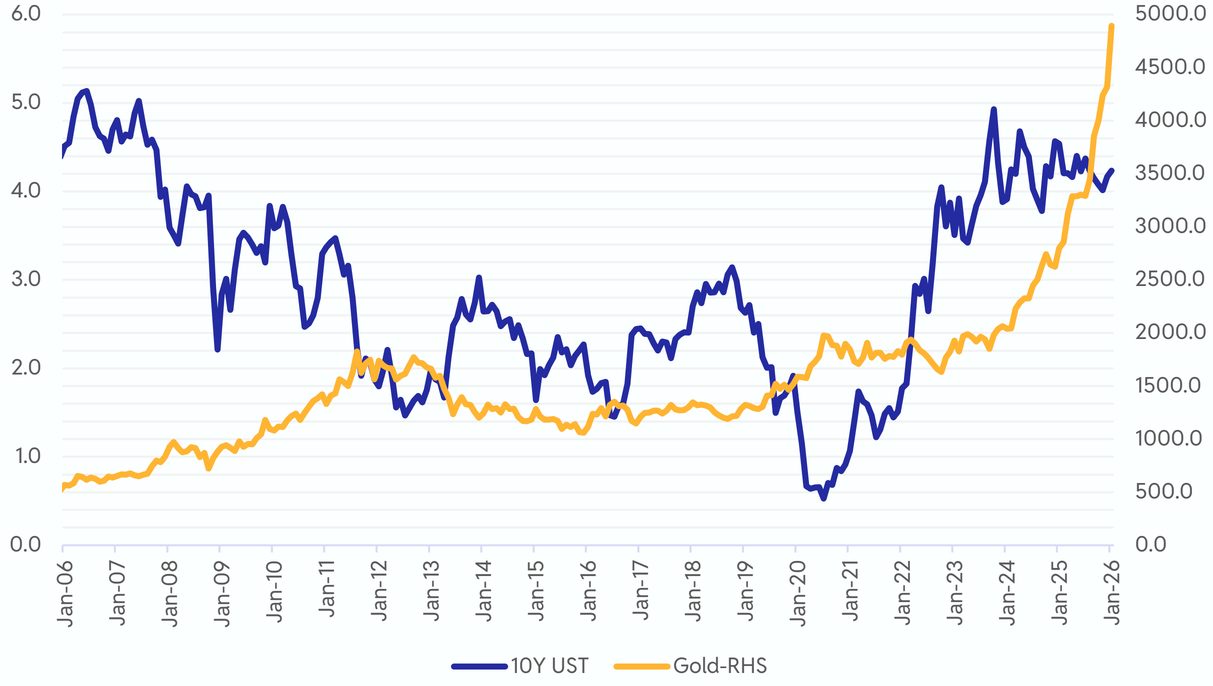
Risks
USD strength, complete risk off and drying of EM liquidity

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

Commodities: Long-Term Story Of Gold Remains Intact, Silver Has Been Expectedly Erratic And Warrants Discipline

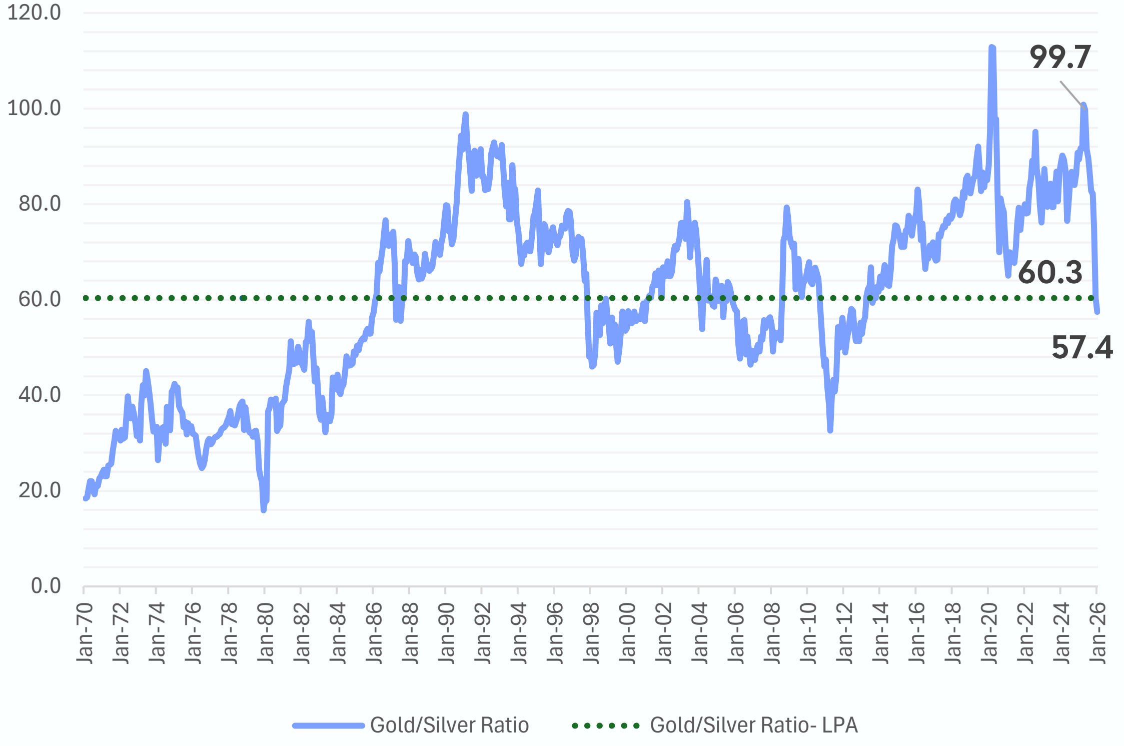
Gold could continue to do well amid continued USD debasement trade

- In the past, demand for gold & UST moved in the same direction
- Lower UST yields/higher UST prices >> Higher gold prices
- Since 2022, gold has decoupled from UST yields, signaling strong diversification flows away from US treasuries, despite heightened macroeconomic uncertainties



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

Inherent volatile nature of silver has acted with gold/silver ratio falling sharply to now below LPA



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

Our Hypothesis
Gold could continue to benefit from sustained central bank buying and diversification away from the USD. Silver though also supported by strong fundamentals; however, has been expectedly erratic and warrants disciplined allocation and monitored entry-exit points

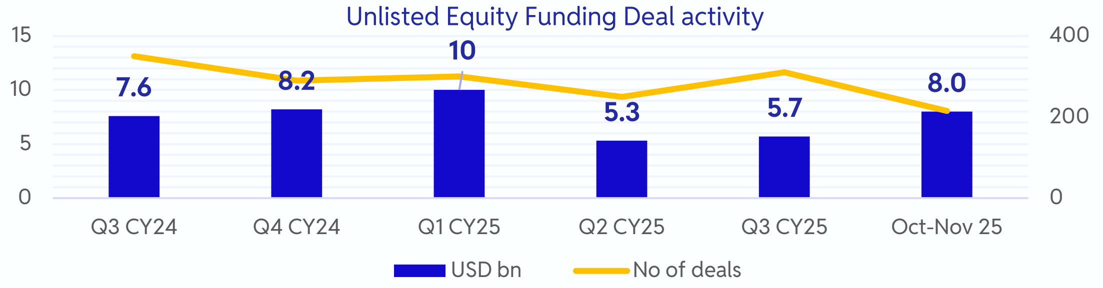
Drivers
Decent demand through investment and Central Bank buying, hedge against inflation and geopolitical risk, USD weakness, overbought market in silver now finally correcting

Risks
USD strength, growth improving for good without inflation

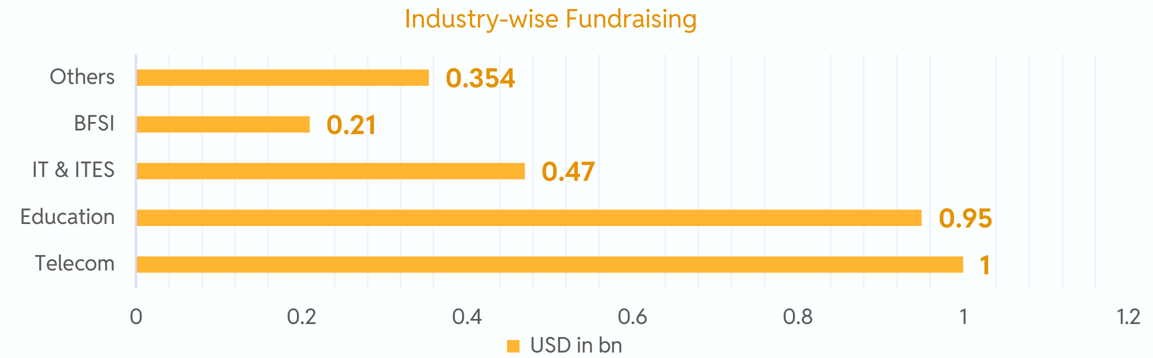
Data to watch
Sentiments, DXY, demand from China and other central banks for Gold, industrial demand for silver

Unlisted Equities: Strong Fundraising, Strategic Exits Drive Market Dynamics

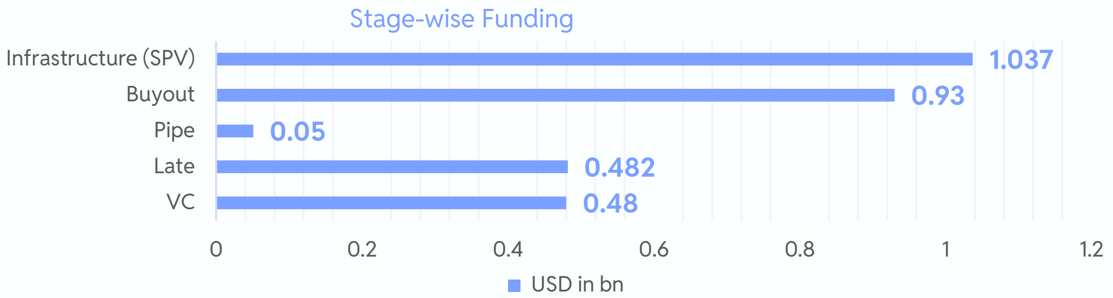
Unlisted equity activity showed signs of steady recovery in Oct–Nov 2025, with total deal value rebounding to USD 8 bn from USD 5.7 bn in the previous quarter. Deal volumes reflected steady investor participation, supported by selective capital deployment across scalable and growth-oriented businesses.



Telecom and Education led sectoral fundraising, followed by steady investments in IT & ITES and BFSI, with selective participation across other sectors.

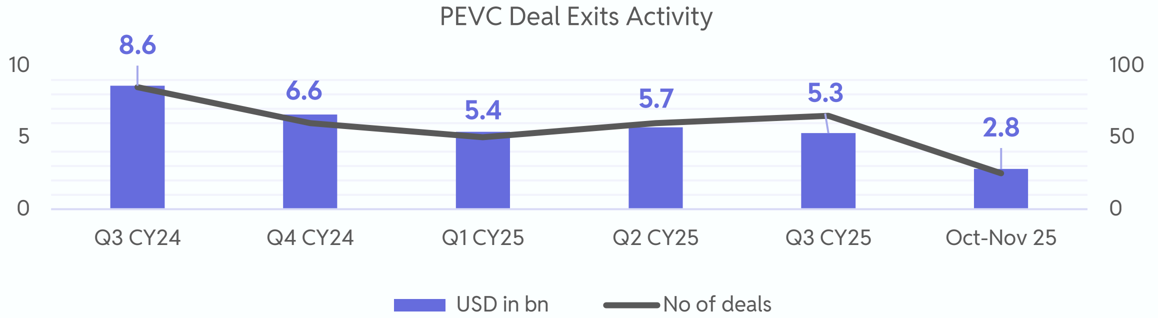


Stage-wise funding was led by Infrastructure (SPV) and Buyout deals, highlighting investor preference for stable, asset-backed and control-oriented investments. VC and late-stage rounds saw moderate capital deployment, while PIPE activity remained minimal, reflecting a selective risk appetite



Source: IVCA, Ionic Wealth, Data available as on Nov 2025

Liquidity was largely driven by strategic exits and secondary sales, with a strengthening IPO pipeline pointing to renewed optimism, albeit with continued emphasis on quality and governance.



Source: IVCA, Ionic Wealth, Data available as on Nov ,2025

Our Hypothesis
Unlisted markets could likely gain traction amid private capital's shift toward scalable, tech-enabled, and ESG-compliant models

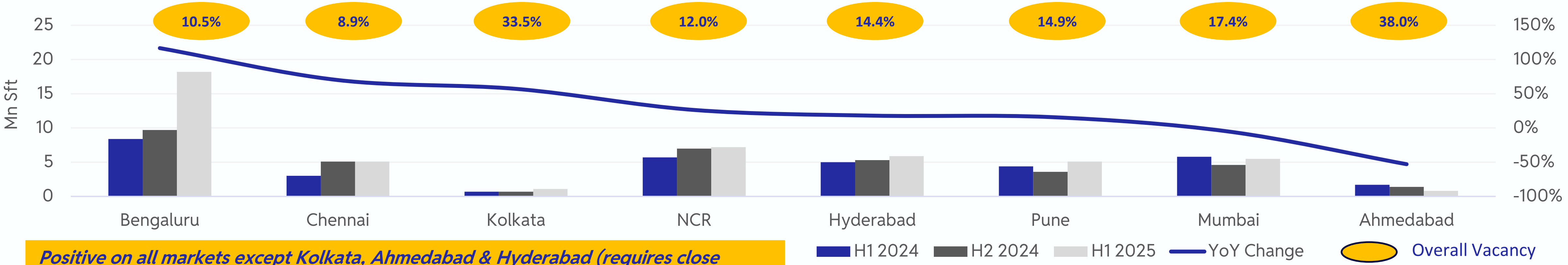
Drivers
Favorable policy environment, rising startup maturity, and secondary market development.

Risks
Delayed exit opportunities, inflated valuations, and governance lapses

Data to watch
Late-stage deal multiples, dry powder deployment rate, and IPO pipeline activity.

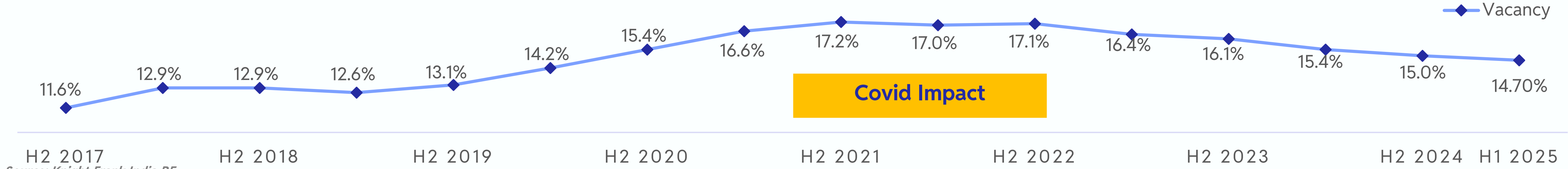
Real Estate: Commercial Real Estate Scaling New Peaks

In H1 2025, pan India office leasing got off to a strong start with gross leasing of ~48.9 Mn sft (up 41.0% YoY). Bengaluru & Delhi led from the front accounting for ~50% of the overall leasing, while Chennai & Kolkata were a surprise among markets in leasing growth.



Positive on all markets except Kolkata, Ahmedabad & Hyderabad (requires close monitoring with cautious view). Kolkata performance exception rather than trend.

With absorption outpacing supply, vacancy levels have witnessed steady decline in last couple of years. With decline in vacancy levels, rentals surged 5% 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 ~39% of overall leasing. Flex office space growing at rapid pace (21%) & revival of third-party IT services (22%)

Risks
Quality supply constraints, monetary tightening, and macro environmental factors

Data to watch
New completions, vacancy levels, rental rate escalations, leasing transactions

Reach us at hello@ionic.in

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