IONIC WEALTH

BY ANGEL ONE

Asset X:
Investment Strategy

July 6, 2026

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What we are seeing

Equities

Domestic equity markets: Improving macros and double-digit earnings growth (though June quarter maybe muted) as geopolitical tensions/crude prices subside and credit growth accelerates. Valuations (large caps at forward ~18x) are benign. The rupee has stabilised on the back of RBI's June policy package. We have been optimistic on Indian equities and moved from a staggered approach to a lumpsum deployment on June 15, 2026, following the announcement of the peace deal between US & Iran and we continue to maintain this positioning. **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 weighed on investor sentiment. Having said that, US markets continue to witness broadening of the markets, while within large caps, S&P ex Mag-7 have been better performers. 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, 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 market leading the charge.

Fixed Income & Commodities

Domestic debt markets have witnessed a decline in yields following a series of measures announced by the RBI and the Central Government aimed at attracting foreign portfolio investment into government securities. Going forward, yields are likely to remain supported if the inflation outlook improves, FPI inflows continue to strengthen, and expectations of rate hikes in the US & India moderate.

In Commodities, both gold and silver though have strong fundamental drivers, have been volatile during the ongoing crisis. We believe, the current correction below USD 4200 for gold and below USD 65 for silver has given a good opportunity to accumulate.

Currency

INR in the recent weeks has been less volatile as measures announced by the RBI in the last MPC policy, provided support to the currency. Going forward, improved FPI participation in domestic equity, increased external flows through FCNR & ECBs and reduced geo-political tensions should help 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.*

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What we are doing

Deployment Notes

- At this point within Equity, we have increased our total equity allocation to 75%, by increasing weight in domestic equity
    - In **domestic equity**, we have increased allocation by 10%, moved to 60:40 split between large caps and SMIDs from 65:35 earlier and maintain a lumpsum deployment approach. Within sectors, we continue to **favour metals** space supported by constructive commodities outlook. In addition, we have **turned positive on financials**, given improved bank credit growth, easy liquidity conditions, and constructive measures announced by RBI on FCNRs and ECBs
    - In **global equity**, we believe the opportunity set remains attractive, making **lumpsum approach more suitable with a 60:40 mix between DMs including US & EMs excluding India.**
- **As we increased our domestic equity allocation, we proportionately reduced exposure in non-equity assets.**
- As a tactical overlay, our factor analysis suggests reducing the allocation to Value by 50% from current levels and reallocating the proceeds to Momentum
- On new positions of **Fixed Income**, we continue to recommend 85:15 mix between 3-5Y and 30Y+ segments.
- We continue to recommend **85% position in Gold and 15% position in Silver,** however, recent correction in gold below USD 4200 and silver below USD 65, gives good accumulation opportunity.
- **InvITs** are offering diversification along with stable and predictable income streams.

Asset Signals

- **Domestic Equity:** Improving macros including higher double digit bank credit growth and earnings, easing geo-political tensions, along with reasonable valuations (closer to LPA). One shot/lumpsum deployment could be considered.
- **Global Equity:** Lumpsum positioning in the near term still seems prudent. There's more valuation comfort in EMs but some of them are more vulnerable to the US AI capex cycle. A diversified mix between DMs and EMs remain ideal, balancing valuation opportunities with structural growth and diversification benefits.
- **Fixed Income:** Conditions have improved for domestic fixed income- RBI's & Central Government's recent reforms in order to garner FPI flows, stabilising rupee, and falling crude oil prices
- **Commodities:** Gold looks more favourable than silver. Precious metals correcting sharply gives a good accumulation opportunity. Long-term thesis remains intact
- **Private Deals:** Structural private market growth.
- **Real Estate** Commercial segment growth.

India Equity: Continued Macro Recovery + Low Valuations, Rupee Stabilization Measures To Help

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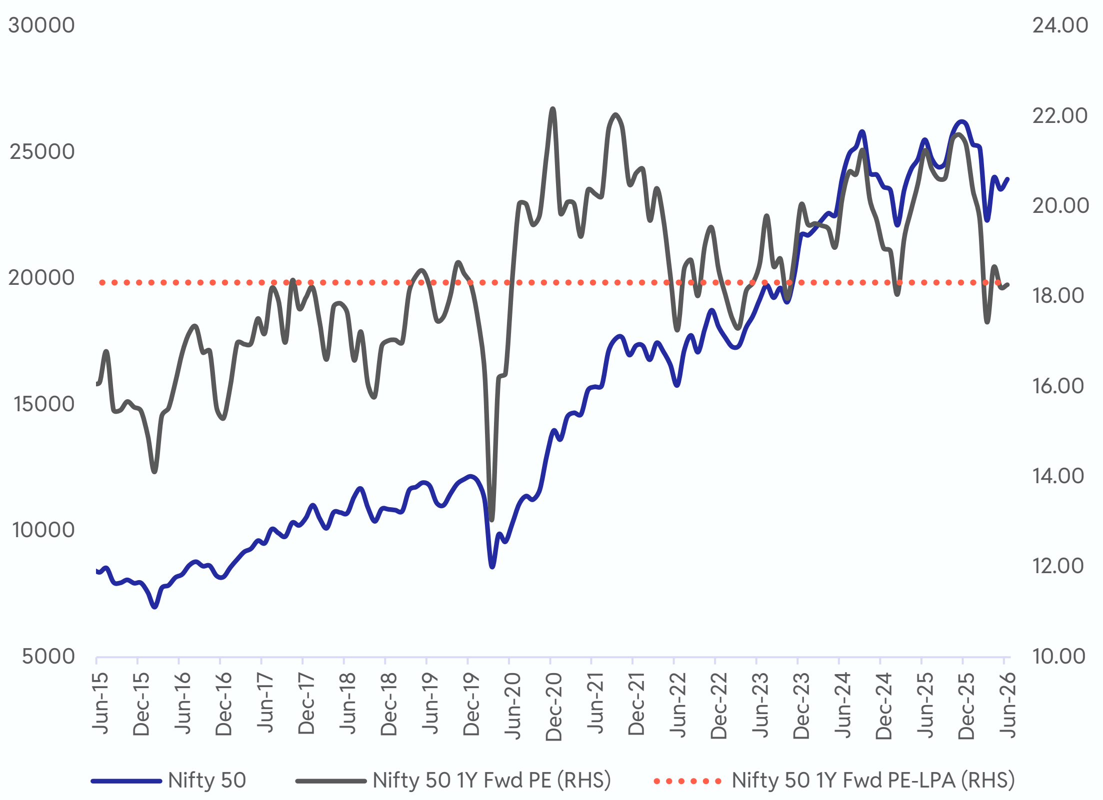
Economic numbers in May have seen improvement

	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	May-26 12M Rolling Avg	May-25 12M Rolling Avg
Passenger cars sales YoY%	18.6	3.2	3.5	6.6	27.9	21.0	↑ 8.8	↓ -8.1
Two wheelers Sales YoY%	35.8	24.9	33.1	18.9	30.4	17.9	↑ 18.5	↓ 4.2
Tractor Sales YoY%	34.9	40.1	30.7	24.0	27.1	19.1	↑ 25.5	↓ 5.6
Eight Core Industry YoY%	4.7	4.7	2.8	1.2	1.8	0.5	↓ 2.8	↑ 3.3
IIP YoY%	8.0	5.1	5.1	4.1	14.1	0.9	↑ 5.0	↓ 3.4
Bank Credit YoY%	14.5	14.6	15.3	17.1	16.6	16.1	↑ 13.2	↓ 11.7
Personal Loans YoY%	14.4	14.9	15.2	16.2	16.0	15.4	↑ 13.9	↓ 13.3
Credit to Industry YoY%	13.3	12.1	13.5	15.0	15.1	17.5	↑ 11.0	↓ 7.9
Credit to Services YoY%	15.3	15.5	16.3	19.0	18.6	20.4	↑ 14.2	↓ 12.0
Deposit Growth YoY%	12.7	12.5	13.0	16.2	13.2	13.5	↑ 11.8	↓ 10.6
Credit-Deposit Ratio YoY%	81.8	82.3	82.4	81.4	82.0	82.5	↑ 80.9	↓ 79.8
Systemic Liquidity (Rs. Bn)	-95.5	1823.0	2695.4	2943.7	2574.7	1423.6	↑ 2127.1	↓ 833.5
Policy Repo Rate %	5.25	5.25	5.25	5.25	5.25	5.25	↓ 5.4	↑ 6.4
Govt. Capital Expenditure (Rs. Tn)	1.3	0.5	0.9	1.4	1.9	0.6	↓ 0.9	↑ 0.9
GST Collections YoY%	1.3	2.0	2.8	2.1	2.5	-3.4	↓ 3.1	↑ 9.6

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

NIFTY 50 Fwd PE close to LPA



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

Our Hypothesis
Earnings growth likely in strong double digits in H2 CY26/FY27 and beyond as input costs cool and nominal growth remains elevated compared to CY2025

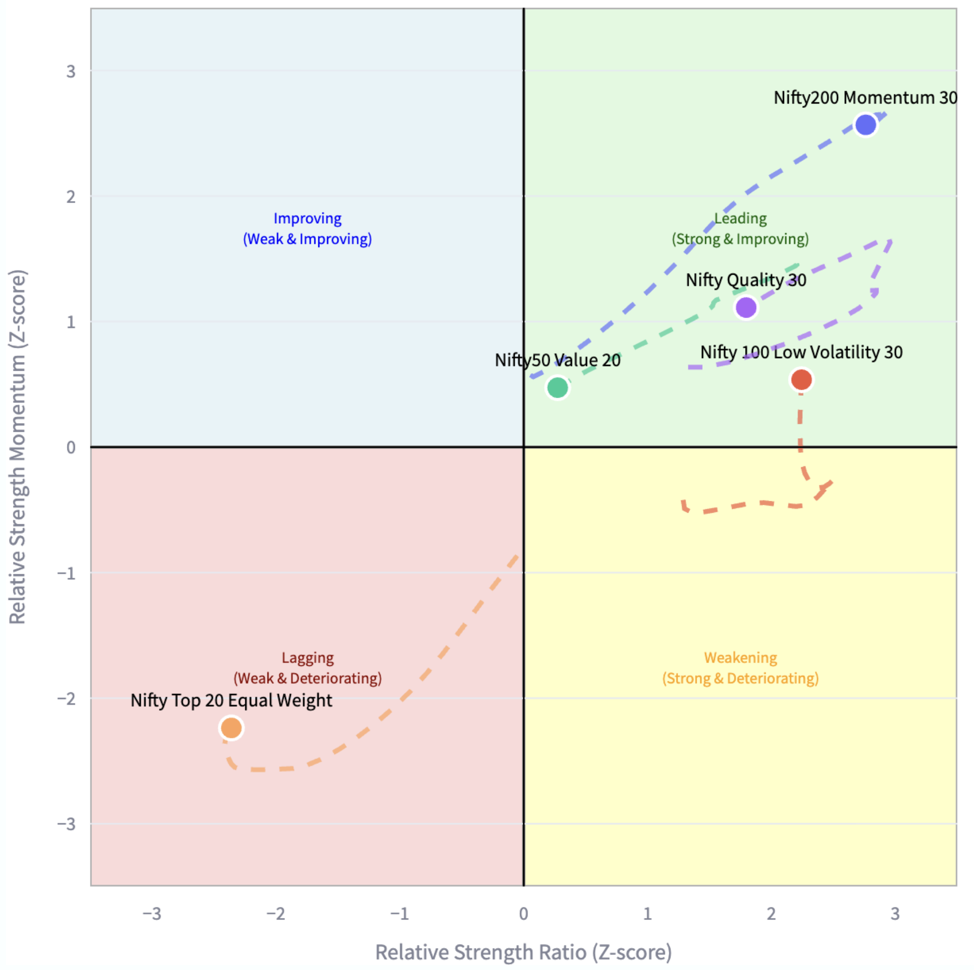
Drivers
Valuations are very reasonable, and the rupee stabilising allows investor interest to transition from caution to constructive on the margin.

Risks
A weak monsoon, relapse in Middle East tensions, no movement on Indo-US trade deal and/or sustained strength in the AI trade beyond short term.

Data to watch
Earnings, interest rates, geopolitics, sentiments, FII and DII flows. High frequency data and the evolving El Nino situation warrant observation.

Factors: Value & Low Volatility still gaining, Momentum struggling

6 Month Relative Strength and Relative Momentum



Source: Ionic Wealth, Data available as of June 2026

Factor	1 Month	3 Months	6 Months	1 Year	3 Years
Low Volatility	0.87%	7.51%	-6.16%	-2.39%	10.64%
Momentum	1.48%	14.19%	0.21%	-3.10%	13.20%
Quality	-2.44%	7.05%	-7.55%	-4.91%	7.64%
Value	-1.03%	2.33%	-10.21%	-8.53%	6.33%
Nifty 50	***1.35%***	***6.87%***	***-7.99%***	***-6.47%***	***7.54%***

- Value has underperformed a big margin on account of high allocation to IT and commodity sectors
- Value, both in terms of absolute performance and performance has seen sharp reversal
- Momentum index has regained strength with recent outperformance
- **Our View:** Reduce allocation to Value to half of current allocation and allocate to Momentum
- **Basket Split:** 50% Momentum + 25% Value + 25% Low Volatility

Risks

- Geopolitical overhang can lead to swift factor allocation
- Strength in Low Volatility Index is yet to be fully established

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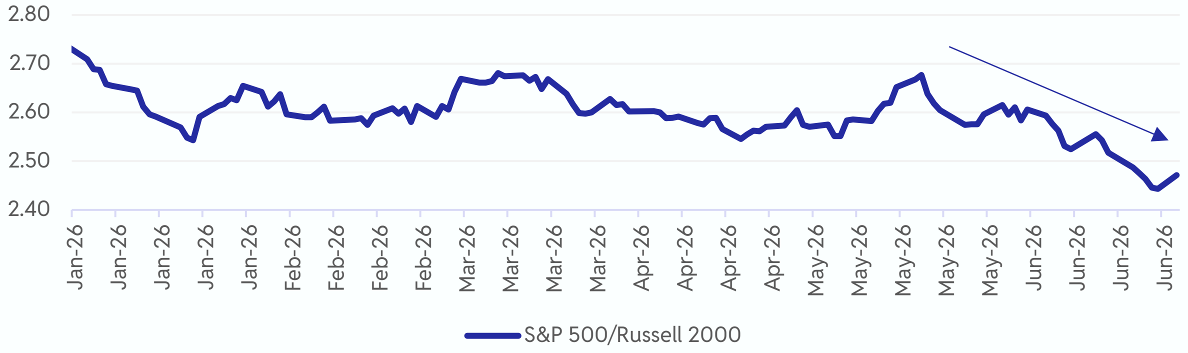
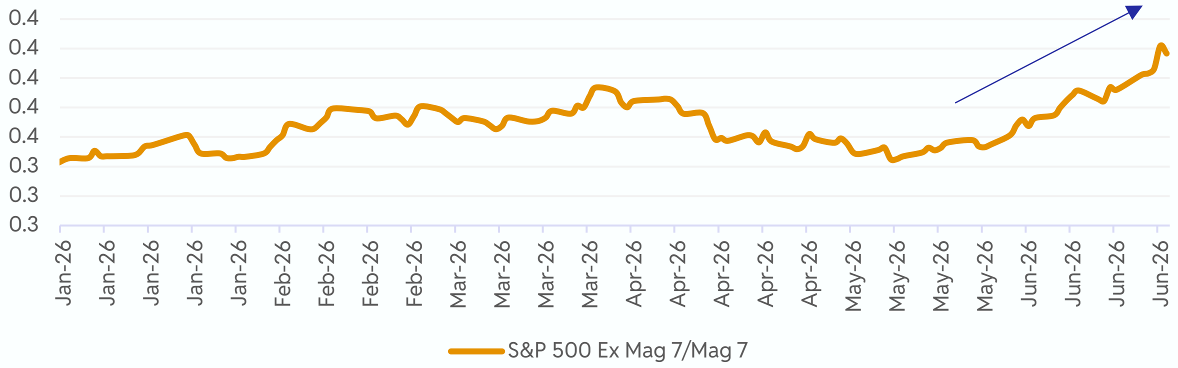
Global Equities: US Market Broadening Persists; Sign of Bullish Rotation? Taiwan & Korea Lead EMs, 60/40 DM-EM Call Intact

Small Caps Begin To Catch Up As Investors Broaden Beyond Large-Cap Winners; Mag-7 Underperforms





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

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

	ETF Flows (USD Bn)							
	1M	3M	YTD	YTD Performance	1y Fwd PE	EPS Growth Expectation	YTD PE Change	YTD EPS Change
DMs								
United States	125.6	362.3	517.3	8.6%	20.4	14.5%	-3.1%	25.3%
Europe	-0.3	-3.9	10.8	7.8%	15.3	9.0%	-2.2%	13.7%
Japan	1.8	-1.5	9.4	18.4%	17.4	13.3%	5.2%	11.4%
Australia	0.4	1.4	2.6	3.1%	17.8	2.7%	-4.9%	27.2%
Canada	3.8	10.1	21.3	10.1%	16.1	6.3%	-4.8%	14.8%
EMs								
China	-23.5	-108.6	-247.5	-15.3%	10.1	17.1%	-10.1%	7.6%
Taiwan	7.0	14.5	24.2	65%	22.0	26.8%	21.8%	41.9%
Hong Kong	-8.0	-14.0	2.3	-2%	13.2	4.2%	2.0%	10.7%
South Korea	2.2	5.6	30.5	131%	7.3	37.5%	-15.8%	245.2%
Brazil	-0.8	1.1	4.0	8%	8.2	5.3%	-14.2%	26.2%
Mexico	0.0	-0.4	-1.2	9%	13.0	7.2%	2.1%	15.9%

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

Our Hypothesis
US market broadening is expected to persist across both market caps and sectors. The ongoing rotation into sectors such as healthcare and financials could likely continue in the near term. Within emerging markets, while South Korea and Taiwan remain highly leveraged to developments in the US AI investment cycle, markets such as China and Brazil are well-positioned to attract stronger capital flows, supported by attractive valuations and accommodative monetary policies.

Drivers
AI capex reckoning, valuations dispersions with Mag 7 & S&P 493, attractive valuations in China & Brazil, along with rate cut tailwinds

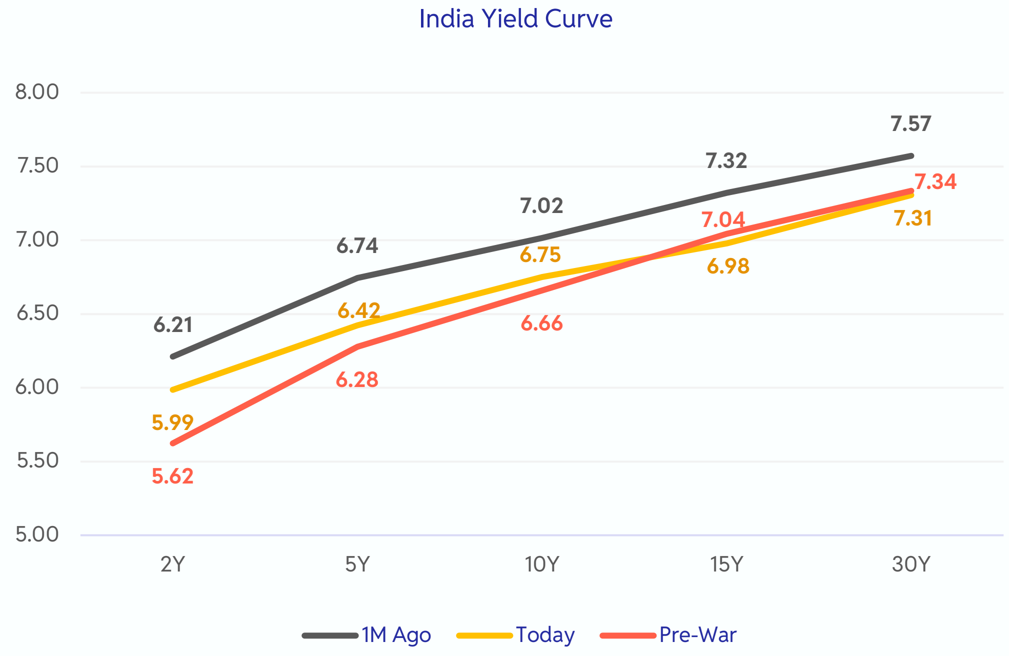
Risks
Slowdown in AI cycle, reversal in US led capital flows, major de-rail in risk-on sentiment, rate hikes in US

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

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**.

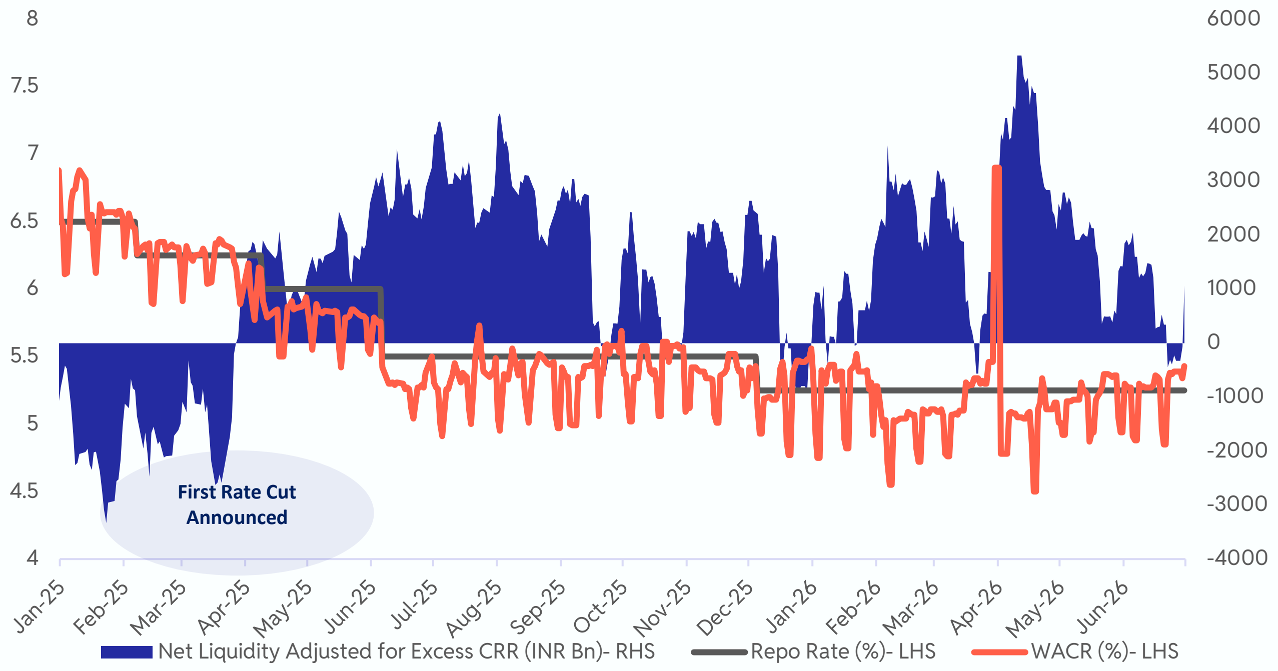
Domestic bond yields have softened since the June MPC meeting, supported by a series of measures announced by the RBI to attract FPI inflows into the domestic debt market, alongside initiatives aimed at strengthening the rupee



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

Systemic liquidity moderated during June 2026 led by advance tax + GST outflows. Average systemic liquidity stood at Rs. 802 Bn, compared to Rs. 1643 Bn in the previous month

So far, WADTDR has come down by 78 bps , while WALR has come down by 82 bps against a cumulative easing of 125 bps between Feb-25 & Jun-26



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

Our Hypothesis
Domestic bond yields are likely to remain supported if the inflation outlook improves, FPI inflows continue to strengthen, and expectations of rate hikes in the US & India moderate.

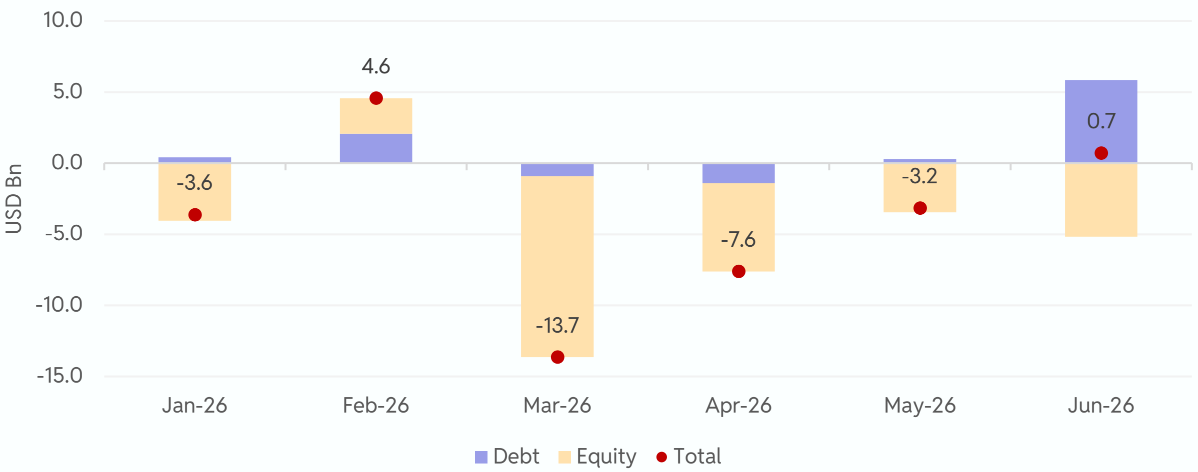
Drivers
Continued FPI inflows, stable INR, reduced probability of rate hikes

Risks
Stubborn inflation, rate hikes in the US, relapse of peace deal between US & Iran

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 Is Stabilizing In A Narrow Band, Improved FPI Sentiment and External Flows Should Help INR Going Forward

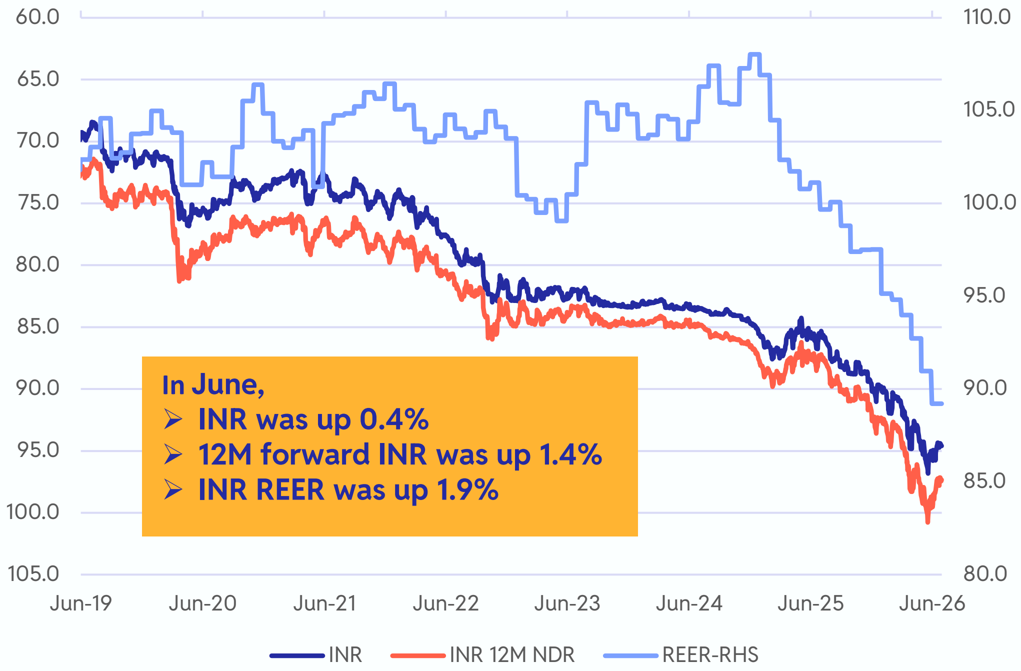
While FPI equity flows remained negative, strong debt market inflows helped turn overall FPI flows positive after three months.



	Mar-26	Jun-26	Change in Q1 FY26
FX Reserves (USD Bn)	688.1	672.6	-15.5
RBI's Net Forward Position (USD Bn)	-103.1	-106.7	-3.6
Effective FX Reserves (USD Bn)	**585.0**	**565.9**	**-19.1**

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

Rupee found support following an array of measures announced by the RBI in its last policy, on debt flows and FCNR and ECBs which are expected to garner USD 40-70 Bn in FY27



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

Our Hypothesis

INR has found support after RBI's measures on attracting foreign flows. Also, peace deal between US & Iran has supported the INR. We expect INR to move in a band of 90-96/USD in the near-term.

Drivers

Easing tensions between US & Iran, improved FPI flows in domestic debt, healthy collections expected from FCNRs and ECBs

Risks

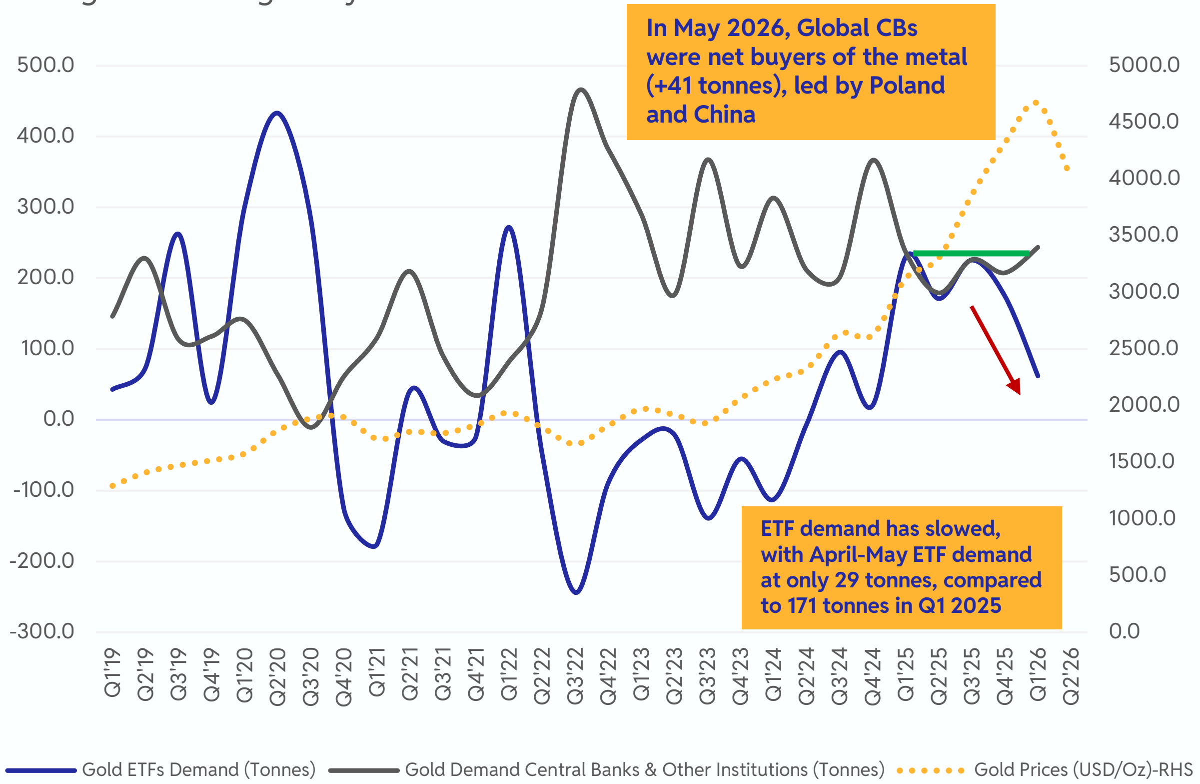
Relapse in US-Iran peace deal, slower than expected pick-up in FPI flows in domestic equity market, DXY strengthening

Data to watch

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

Commodities: Long-Term Thesis For Gold & Silver Remains Intact; DXY Strength Creates A Tactical Accumulation Opportunity

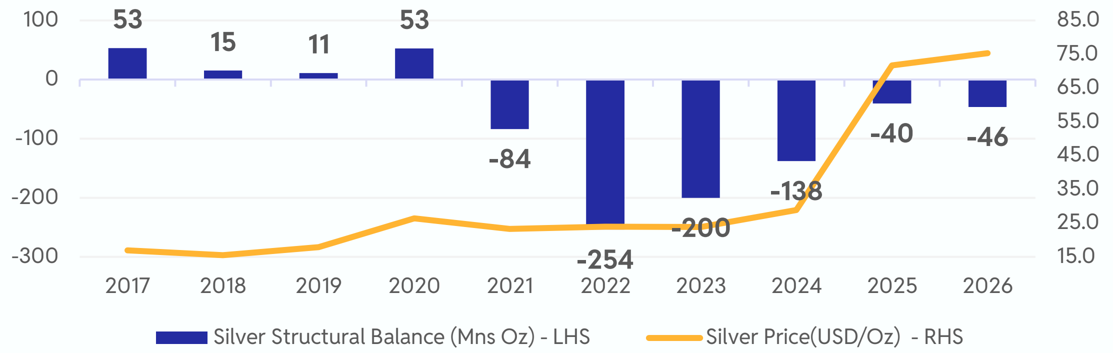
Gold ETF holdings have moderated by ~4% since the US-Iran conflict began, as DXY strength and rising real yields hinder the momentum



Silver prices have seen much sharper correction ~38% since the breakout of US-Iran conflict, near-term volatility could continue, current levels offer accumulation opportunities

	Silver ETF Holdings (1000 Troy Tonnes)	China Net Silver Exports (Tonnes)12M Sum	Silver Prices (USD/Oz)
Jan-26	25.6	2120	85.2
Feb-26	25.9	1835	93.8
Mar-26	24.8	1170	75.2
Apr-26	24.6	1134	73.7
May-26	24.7	1109	75.3
Jun-26	24.3		58.6

Silver to likely witness 6th consecutive year of supply deficit in 2026



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

Our Hypothesis
Long-term drivers for both gold and silver intact. Both metals can play a role in portfolio hedging and diversification, and the recent correction in prices offer lucrative accumulation opportunity, with 85:15 allocation in gold & silver

Drivers
Fundamentally strong assets over long period. Central bank demand for gold remains stable and should continue. While ETF demand for silver has fallen, fall in China net silver exports and continued supply deficit are price positive.

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

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

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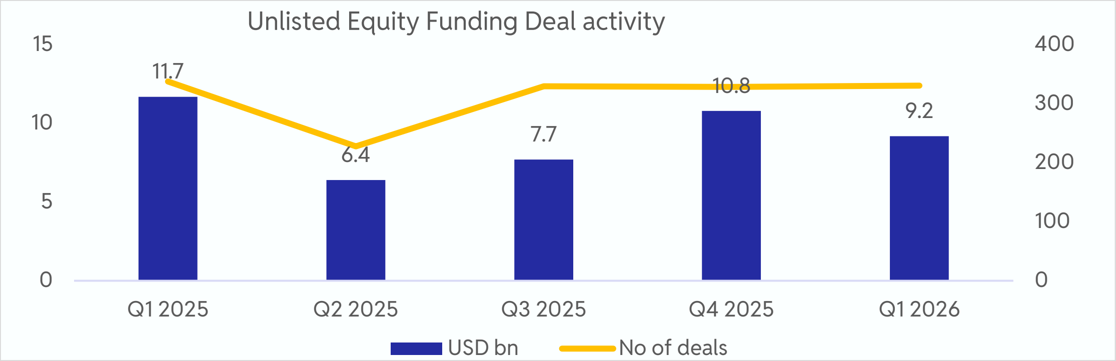
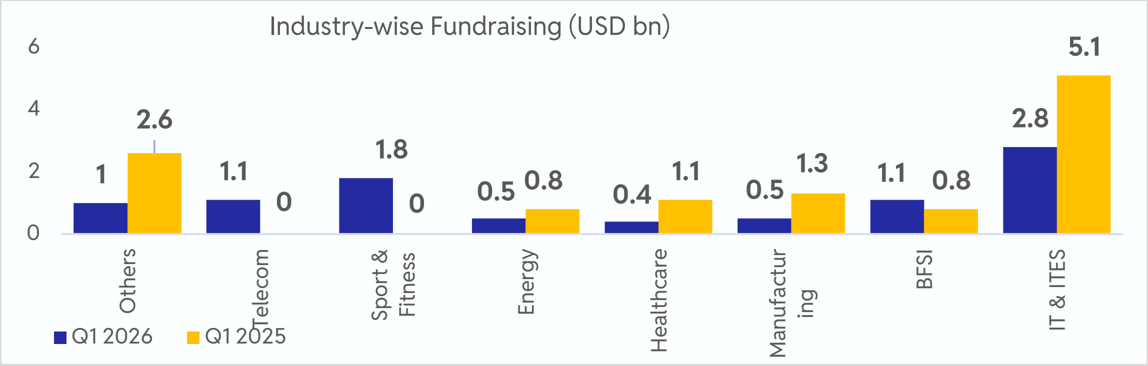
Private Equity: Steady Start to CY26 with Selective Deployment

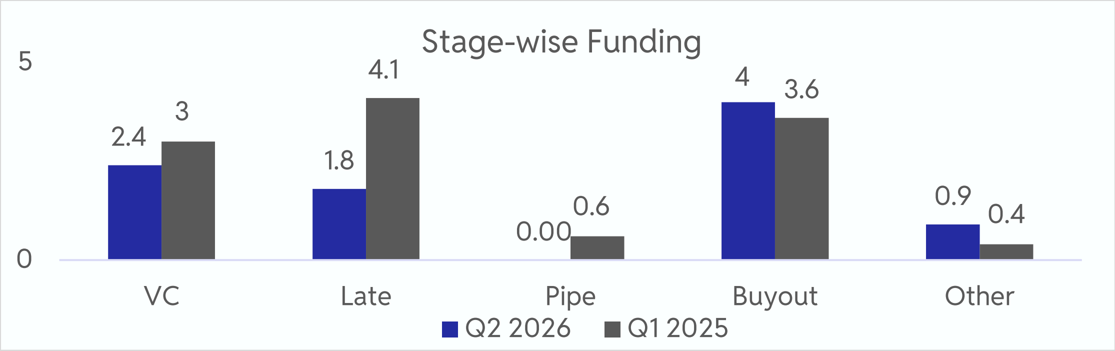
Q1'26 at ~USD 9.2 bn reflects a steady start, with deployment continuing but under tighter filters. Deal activity remains concentrated in fewer, larger transactions.



IT & ITES leads, driven by AI and global demand. BFSI stable; Manufacturing & Healthcare show slowdown.

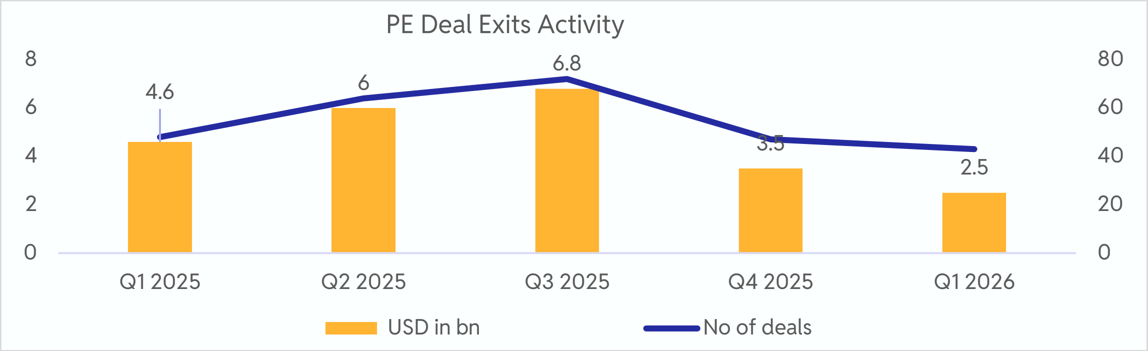


Capital is concentrated in buyouts (~USD 4 bn), reflecting a clear preference for mature, de-risked assets. VC activity remains selective, but early-stage funding has seen an uptick



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

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 of June, 2026

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

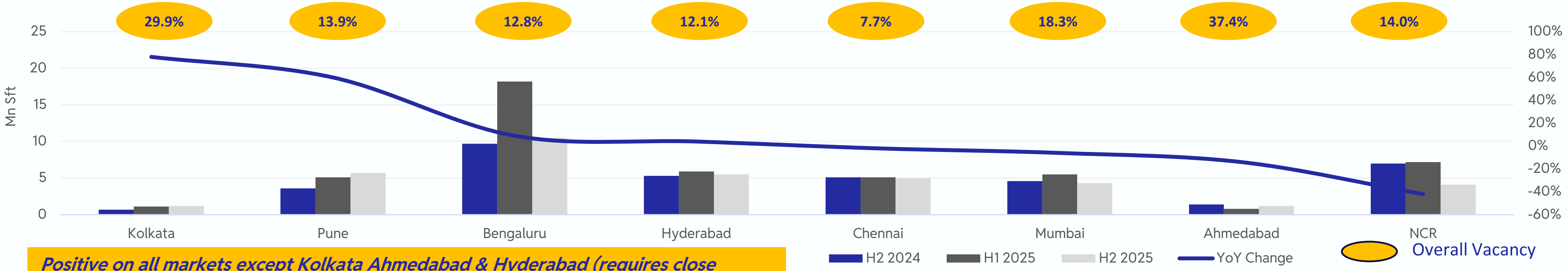
Drivers
Improving exit visibility through strategic and secondary routes, Strong dry powder with disciplined deployment. Tailwinds in tech, BFSI, healthcare, manufacturing

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

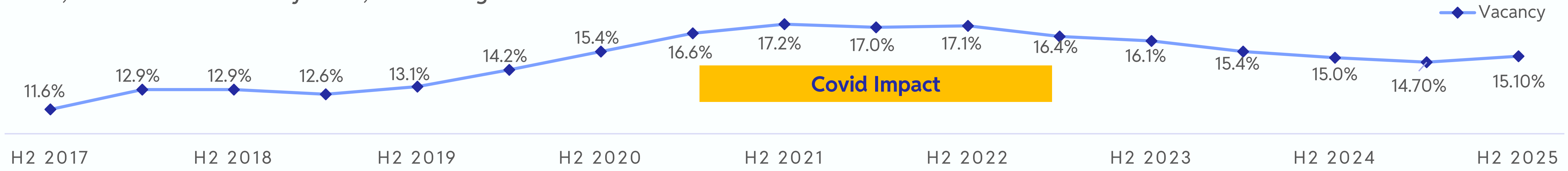
Real Estate: Commercial Real Estate Scaling New Peaks

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.



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

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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Reach us at hello@ionic.in

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