IONIC WEALTH
BY ANGEL ONE

Asset X:
Investment Strategy

December 5, 2025

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"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.

Key highlights

"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. There's a lot happening in the world right now which is shaping investor's expectations amidst uncertainty. Our aim remains to create robust, long-term strategies.

Domestic Equity: Incrementally Positive

At this stage, we prefer to deploy 100% of the corpus upfront supported by a positive turnaround in domestic macros and modest recovery in earnings in Q2 FY26. We remain optimistic about a favourable trade deal with the US and if India is able to secure a tariff rate less than 20%, it could trigger a broad-based rally in the market. We believe in neutral allocation between large caps and SMIDS. We do not have sector bias at the current juncture but are tactically positive on industrial metals. We favour active managers amid volatile conditions.

Industrial Metals Could See Some Upside

USD weakness, finalization of US-China trade deal, and revival in global demand could benefit industrial metals. ***However, this segment remains volatile and susceptible to changes in global growth dynamics and hence could be a riskier/volatile play.***

Foreign Equities: Diversify Across Economies

We remain constructive on global equity markets, supported by resilient earnings, strong FII participation across major economies such as US, Euro, China, South Korea etc and supportive government and central bank policy. Well diversified foreign equity can be considered as ~25% of one's equity portfolio.

Mid & Long Duration Bond Mix Could Be Optimal

A portfolio with 3–5-year bonds and long duration bonds, a 75:25 mix between mid & long duration could be an ideal portfolio mix. Continued rate cuts, and ample surplus liquidity is likely to advantage this mix.

Depreciative Bias To Persist In INR

INR to be driven by global factors. Could remain under some pressure despite DXY weakness. We expect INR to hover in 88-92 range (from our previous 86-90 range)

Neutral To Positive On Precious Metals, More Of A Risk Adjustment Play From Hereon

Gold and silver still seem to have more juice as macro and geopolitical uncertainties remain ripe. Gold has more structural push from central bank purchases while Silver stands to benefit from inclusion in critical minerals list. A basket approach helps to participate in the upside with lesser volatility which is key to silver.

Unlisted Equity Looks Favorable

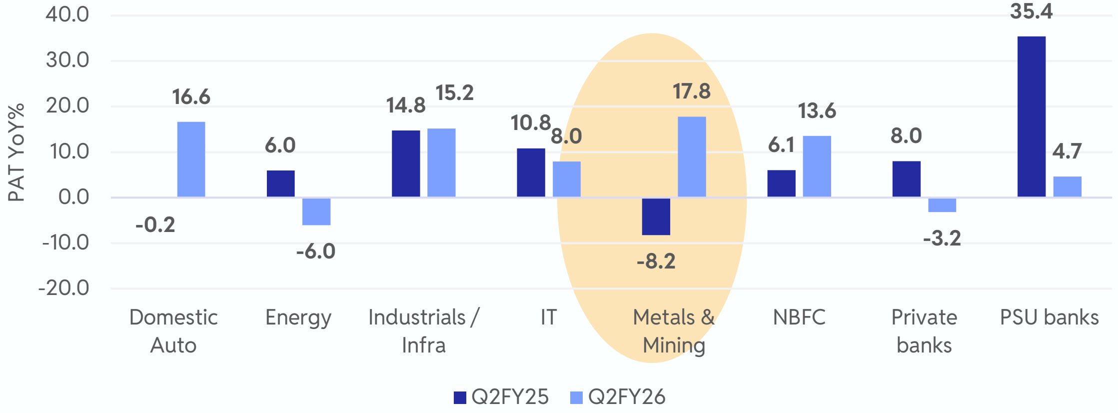
After tax announcements and conventional asset classes losing upside hereon. IPO listing way of exit can continue to gain steam.

Commercial RE Is Improving

Growth is primarily driven by GCC and Flexible Office space while India focus business continues to anchor.

India Equity: 100% deployment, positive turnaround in macros and earnings, trade deal with US remains crucial, sustained foreign investment still awaited

Earnings for Q2 FY26 showed improvement from year ago levels– Auto, Industrials/Infra, Metals & Mining & NBFCs noted uptick in PAT



Source: Nuvama Institutional Equities

…also, economic data for October 2025 showed some recovery. Continued expansionary fiscal and monetary policy important for sustained economic revival.

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Oct-25 12M Rolling Avg	Oct-24 12M Rolling Avg
Passenger cars sales YoY%	-5.8	-10.7	1.9	1.3	6.8	8.5	↑ -1.2	↓ -13.2
Two wheelers Sales YoY%	5.4	2.3	13.3	10.5	8.0	4.4	↓ 4.2	↑ 19.3
Tractor Sales YoY%	8.4	10.2	7.1	24.6	42.9	14.4	↑ 15.9	↓ -4.9
Eight Core Industry YoY%	1.2	2.2	3.7	6.5	3.3	0.0	↓ 3.5	↑ 5.0
IIP YoY%	1.9	1.5	4.3	4.1	4.6	0.4	↓ 3.3	↑ 4.2
Bank Credit YoY%	9.0	9.5	10.0	10.0	10.4	12.5	↓ 10.7	↑ 17.6
Personal Loans YoY%	11.1	12.1	11.9	11.8	11.7	14.0	↓ 12.1	↑ 23.2
Credit to Industry YoY%	4.8	5.5	6.0	6.5	7.3	10.0	↓ 7.1	↑ 8.5
Credit to Services YoY%	8.7	9.0	10.6	10.6	10.2	13.0	↓ 11.1	↑ 19.7
Deposit Growth YoY%	9.9	10.1	10.2	10.2	9.5	10.8	↓ 10.3	↑ 12.5
Credit-Deposit Ratio YoY%	78.9	78.9	79.2	79.3	80.3	80.4	↑ 79.9	↓ 79.6
Systemic Liquidity (Rs. Bn)	2589.0	3251.9	3264.1	2639.8	1545.6	1083.0	↑ 1140.6	↓ 297.8
Policy Repo Rate %	6.0	5.5	5.5	5.5	5.5	5.5	↓ 6.0	↑ 6.5
Govt. Capital Expenditure (Rs. Tn)	0.6	0.5	0.7	0.8	1.5	0.4	↑ 1.0	↓ 0.7

Source: Bloomberg, Ionic Wealth, Data available as of November 2025 | HFIs- High Frequency Indicators

Our Hypothesis
We believe that a combination of factors from earnings to economic data is now improving and a favourable trade deal can potentially improve risk appetite again. Therefore, full deployment can be considered to an investor's neutral equity allocation for longer term

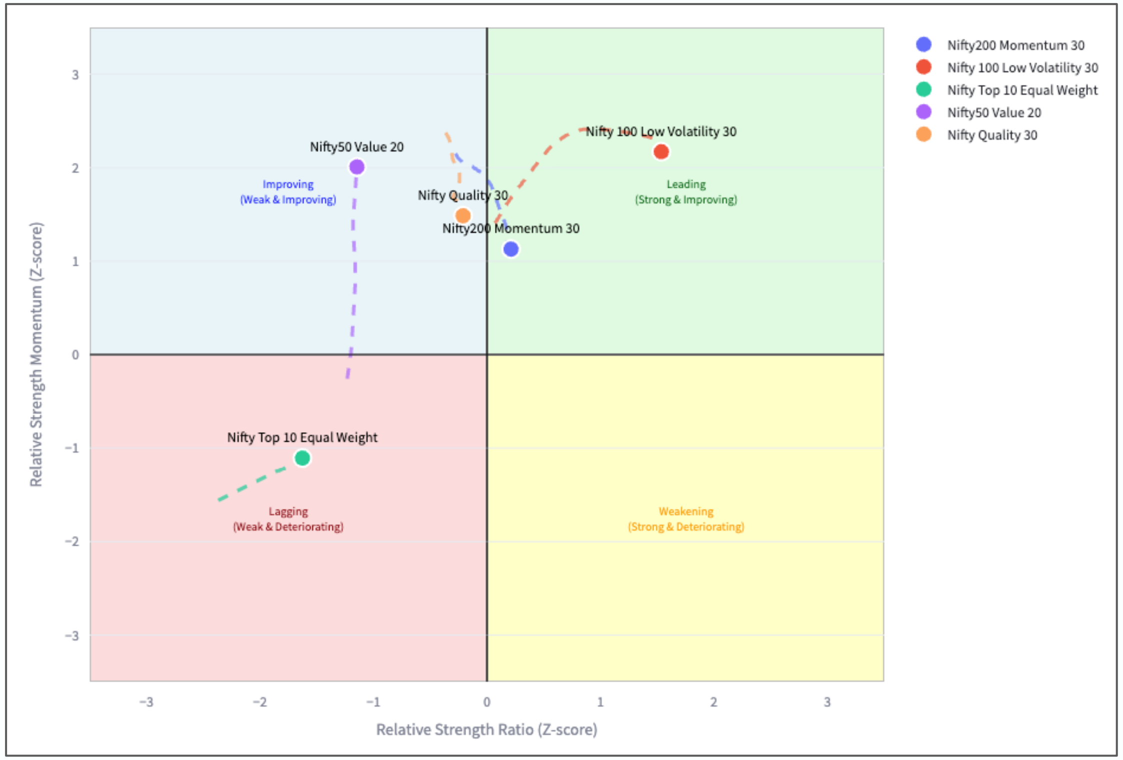
Drivers
Improving earnings, , rate cut cycle, GST reforms and domestic growth revival

Risks
India macro weakening further, slower than expected revival in earnings, delayed trade deal and geopolitical pressures

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

Factors- Momentum and Low Vol Running Strong, Value Emerging

6 Month Relative Strength and Relative Momentum



Factor	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years
Low Volatility	1.29%	3.93%	7.07%	8.84%	15.18%	15.71%
Momentum	1.63%	8.46%	5.38%	-6.14%	16.63%	20.41%
Quality	1.64%	4.47%	5.06%	2.00%	13.09%	13.94%
Value	0.80%	5.12%	2.81%	-4.13%	11.76%	16.15%
Nifty 50	***1.26%***	***7.27%***	***5.87%***	***8.59%***	***11.79%***	***15.10%***

Interpretation

- **Momentum** from increasing strength of performance (Y-Axis) has now come into absolute outperformance (X-Axis) to Nifty 50 over 6M
- Allocation since August-2025 (our call date) has turned out to be positive
- Low Vol remains to be an outperformer vis a vis the benchmark
- Value factor is now turning positive
- **Our View:** Initiate investments in Value. Portfolio could have a combination of Low vol, Value and Momentum

Risks

- On a 1 Year basis, the value index doesn't quit the "Lagging" quarter
- Intermittent reversal in value factor by reduction in momentum of outperformance

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

Global Equities: Favorable Opportunity, Diversify Across Geographies, World Ex US looks appetizing into 2026

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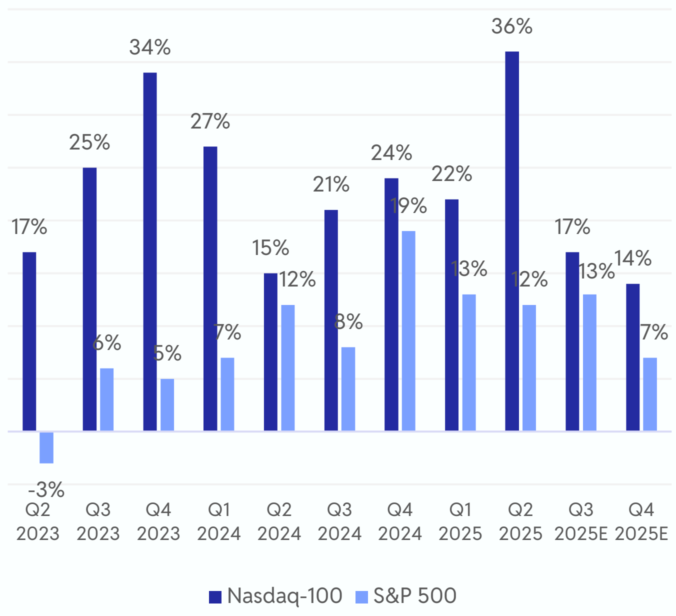
Net income growth remains solid, with NASDAQ-100 outpacing the broader S&P 500 index…



Source: Nasdaq, FactSet, Ionic Wealth, Data available as of November 2025

Defensive Basket in US gained momentum as markets get wary of high valuations in AI space

	CYTD Returns %	November Returns %
Defensive Basket		
Consumer Staples	3.3	3.9
Utilities	19.0	1.3
Health Care	14.3	9.1
Energy	4.9	1.8
Communication	33.8	6.3
Consumer Discretionary	4.6	-2.4
Financials	10.1	1.7
Industrials	16.4	-1.0
Real Estate	2.5	1.8
Materials	6.3	4.0
Info Tech	23.7	-4.4
S&P 500	16.4	0.1

Source: Bloomberg, Ionic Wealth, Data available as of November 2025

US remains expensive, EMs and some developed markets offer lucrative opportunities

	CYTD Returns %	November Returns %	1Y forward PE
MSCI World	18.6	0.2	20.2
MSCI World Ex US	25.6	-0.2	15.8
MSCI US	16.4	-0.1	22.6
MSCI Europe	13.4	0.7	15.0
MSCI Japan	20.7	0.6	16.9
MSCI UK	18.9	0.2	13.1
MSCI Canada	26.2	3.6	17.2
MSCI EM	27.0	-2.5	13.3
MSCI China	30.2	-2.4	12.3
MSCI Taiwan	23.4	-3.0	17.8
MSCI India	7.7	1.6	22.1
MSCI Korea	74.5	-5.0	9.7
MSCI LATAM	46.9	5.7	10.7

Source: Bloomberg, Ionic Wealth, Data available as of November 2025, 1Y BF PE- 1 year blended forward price/earnings ratio

Our Hypothesis
Diversify across global economies. Higher valuations in the US, could lead to some correction going forward. Relatively modest valued markets available like Europe, China and Korea & LATAM

Drivers
Higher valuations in US tech stocks although earnings still remain solid, reasonable valuations ex US along with improving fundamentals

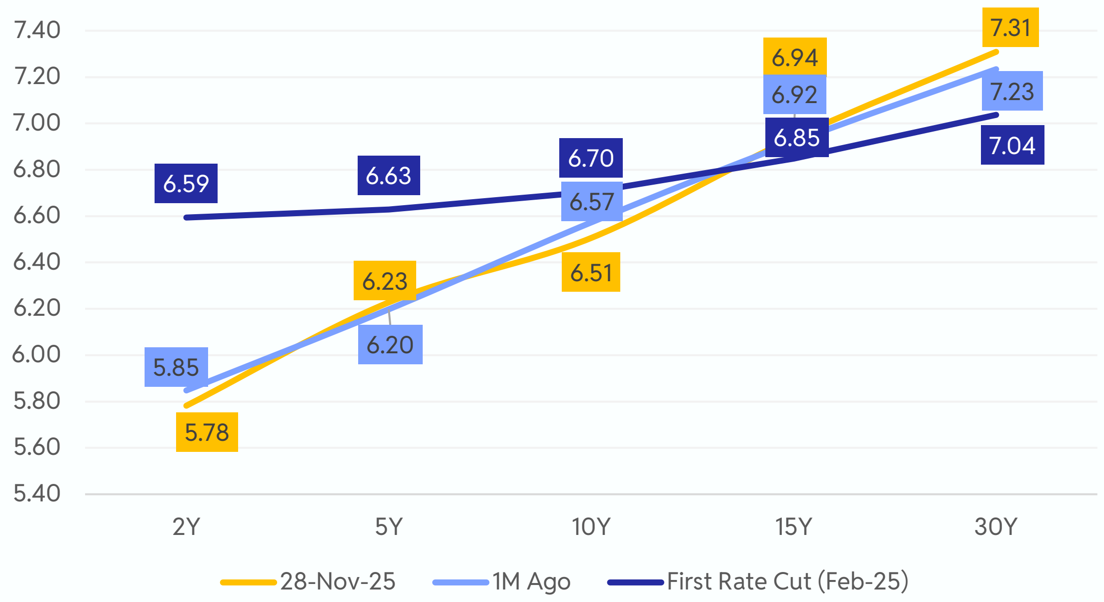
Risks
Stagnant/falling global growth, continued policy uncertainty under Mr. Trump's administration could create volatility in the global markets

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

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

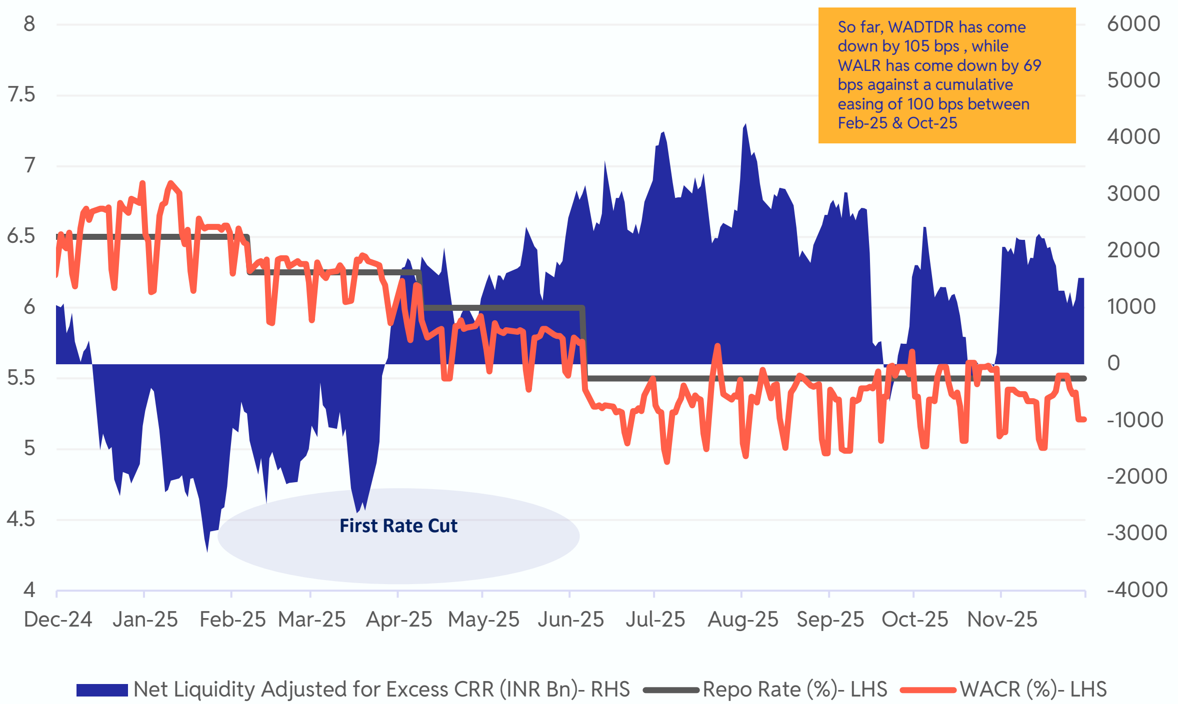
Yields across the curve showed mixed movement, with 2Y softened potentially on rate cut expectations. Uncertainty over US rate cut in December is somewhat influencing movement in domestic yields. Yields across the curve softened post RBI's rate cut in December policy.



Source: Bloomberg, Ionic Wealth, Data available as of November 2025

Systemic liquidity observe some strain, largely due to RBI's FX Intervention. Announcement of OMO purchases along with USD/INR Buy-Sell Swap in December policy– to improve liquidity going forward

Liquidity surplus will help in transmission, growth recovery



Source: Bloomberg, Ionic Wealth, Data available as of November 2025 | 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

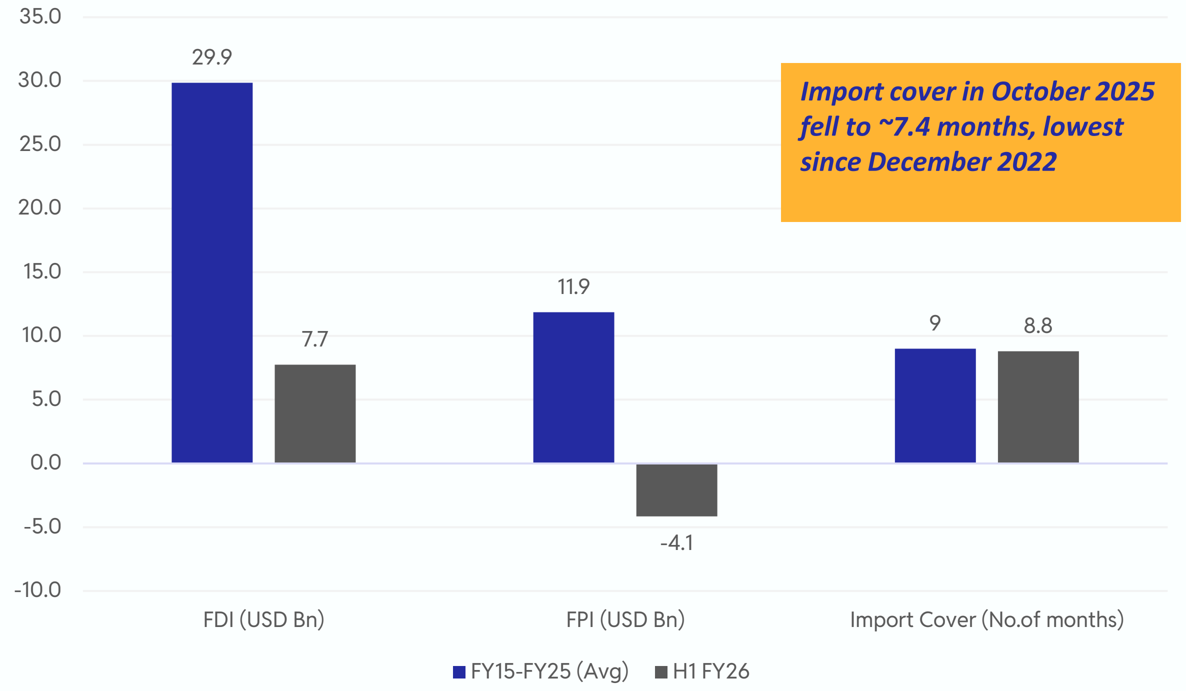
Drivers
Domestic rate cuts and easy liquidity, US rate cuts

Risks
Domestic/US growth & inflation remaining higher, geopolitics uncertainty, weak currency and delayed rate cuts 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 Driven By Weak Capital Account, Likely Rangebound With A Downward Bias

Foreign investment has faltered this financial year including FDI and FPI, thereby putting strain on FX reserves and INR



Source: CMIE, Ionic Wealth, Data available as of November ,2025

INR has weakened alongside DXY depreciation, *in fact it is one of the worst performing key currencies*

	USD/CNY	USD/INR	USD/KRW	USD/JPY	EUR/USD	GBP/USD	DXY
1M	0.34%	-1.43%	-3.25%	-2.26%	-0.03%	0.31%	0.24%
3M	0.79%	-1.42%	-5.57%	-6.21%	-0.75%	-1.99%	1.73%
6M	1.73%	-4.53%	-6.13%	-8.44%	2.21%	-1.66%	0.13%
1Y	2.38%	-5.87%	-5.02%	-4.28%	9.65%	3.93%	-5.94%
CYTD	**3.08%**	**-4.45%**	**0.32%**	**0.67%**	**11.99%**	**5.74%**	**-8.32%**
3Y	1.26%	-9.52%	-10.81%	-12.21%	11.57%	9.45%	-6.13%

Source: Bloomberg, Ionic Wealth, Data available as of November 2025 | Appreciation +/Depreciation -

Our Hypothesis
INR is likely to be rangebound between 88-92 with a downward bias.

Drivers
DXY volatility, RBI rate action, cushion from FX reserves, uneven FII flows, bond indices inclusion

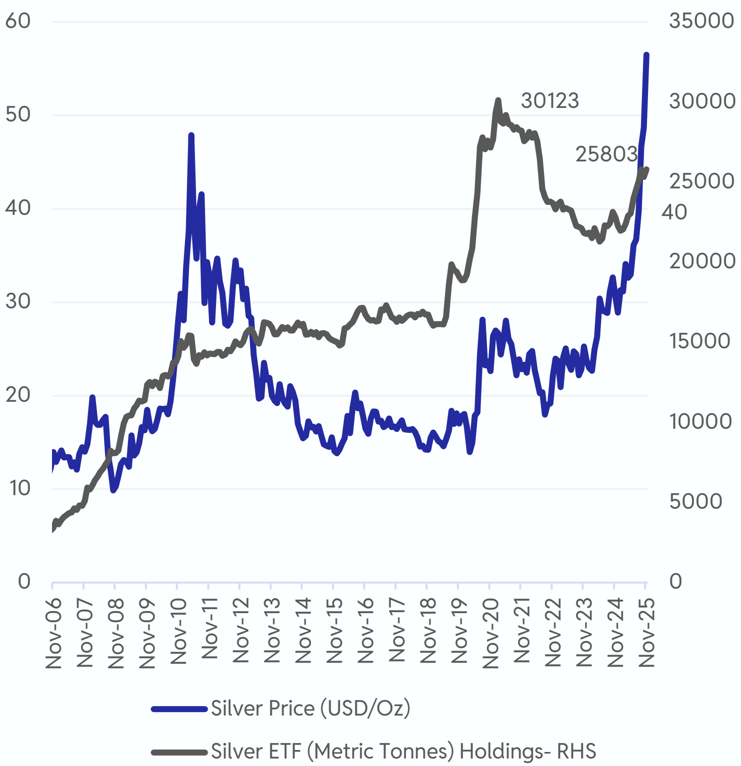
Risks
USD strength, complete risk off and drying of EM liquidity

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

Commodities: Neutral to Positive on Precious Metals; Gold & Silver Could Be More of a Risk Adjustment Play In The Near Term

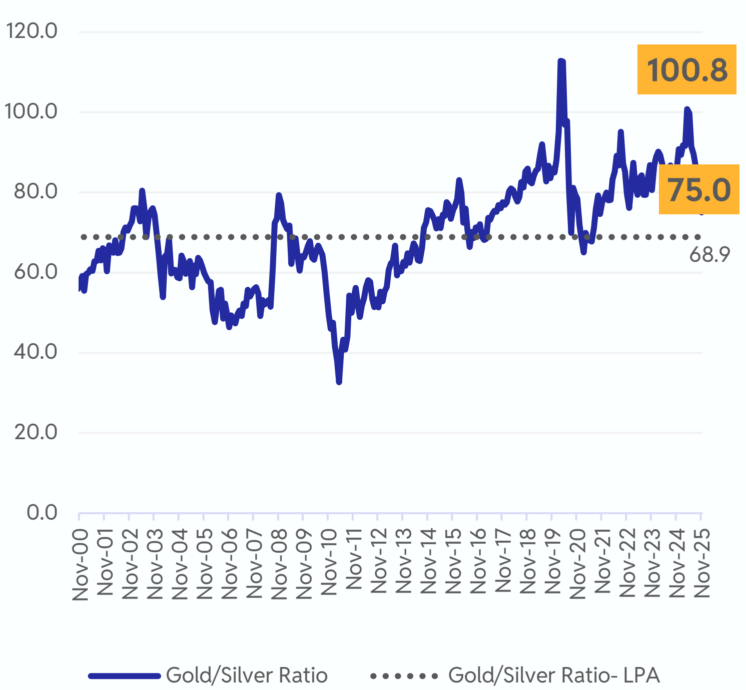
Global market volatility, trade uncertainty, and persistent geopolitical tensions have kept gold as a preferred asset class for both investors and central banks. Silver, too, has regained investor interest after witnessing correction in the previous month as rate cut bets in the US increase and concern over global supply shortages intensify.

Source: World Gold Council, Ionic Wealth, Data available as of November 2025



Source: Bloomberg, Ionic Wealth, Data available as of November 2025

Gold/Silver ratio continues to moderate after peaking in April– *Gold up by 29% while Silver is up 73% since then*



Source: Bloomberg, Ionic Wealth, Data available as of November ,2025

Our Hypothesis
Gold could benefit in the short to medium turn amid sustained central bank buying. Long term story remains intact.

Drivers
Decent demand through investment and Central Bank buying, hedge against inflation and geopolitical risk, USD weakness

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

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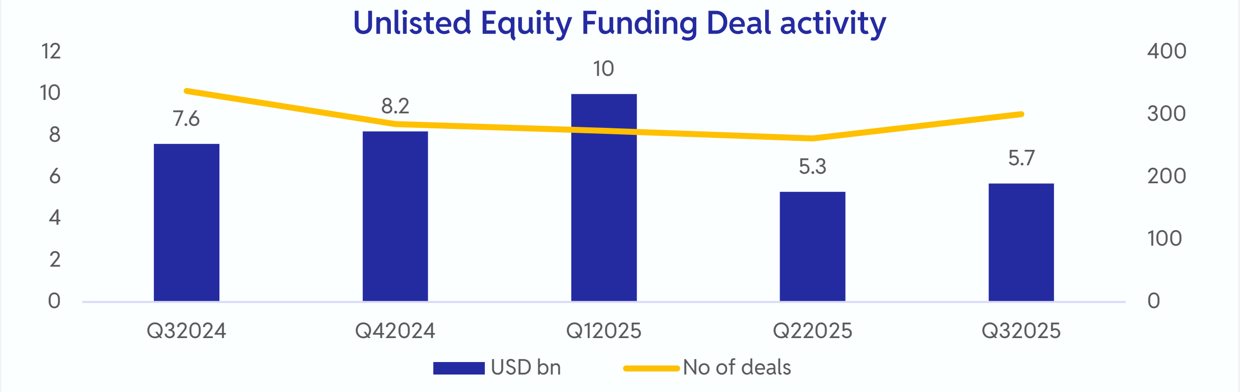
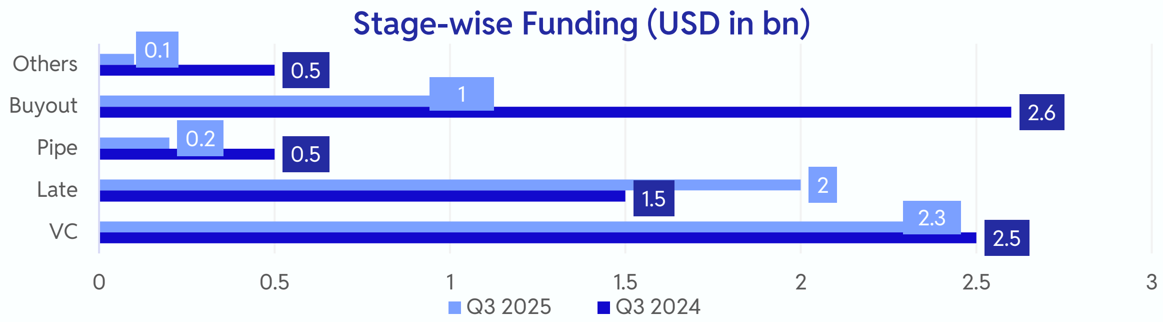
Unlisted equity activity showed signs of steady recovery in Q3 2025, with total deal value rebounding to USD 5.7 bn from USD 5.3 bn in the previous quarter. While deal momentum remains below the early-2025 peak, investor sentiment is gradually improving as valuation expectations moderate and dry powder deployment resumes.

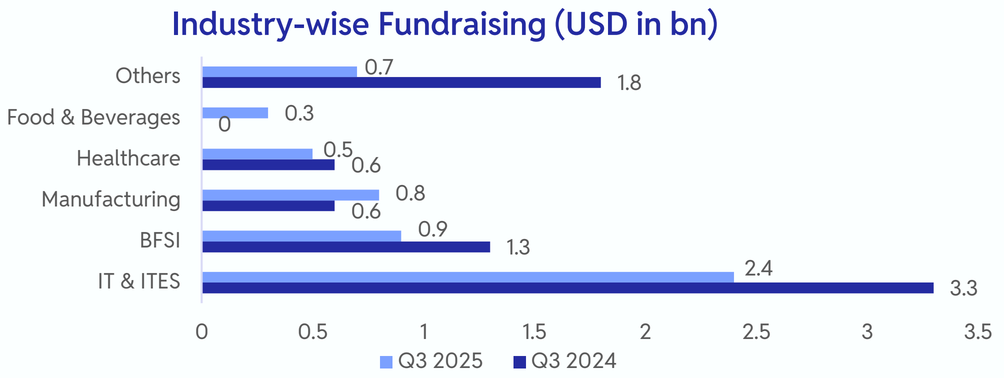


Funding concentration continues to favor VC and late-stage rounds, indicating sustained preference for scalable, tech-enabled models.

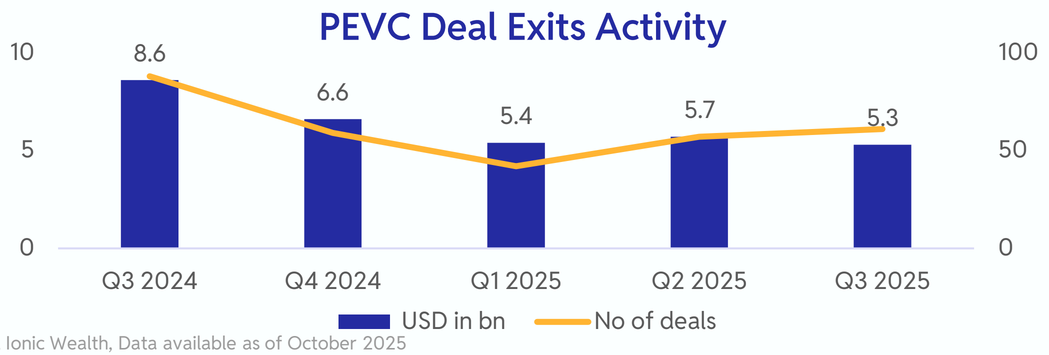


Source: IVCA, Ionic Wealth, Data available as of October 2025

Sectoral flows remained skewed toward IT & ITES and BFSI, together accounting for more than half of total unlisted funding in Q3 2025.



Exit momentum remained stable at USD 5.3 bn in Q3 2025, even as the number of deals plateaued. Strategic sales and secondary transactions continue to drive liquidity, while the IPO pipeline for late-2025 appears encouraging amid improving public-market sentiment.



Source: IVCA, Ionic Wealth, Data available as of October 2025

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

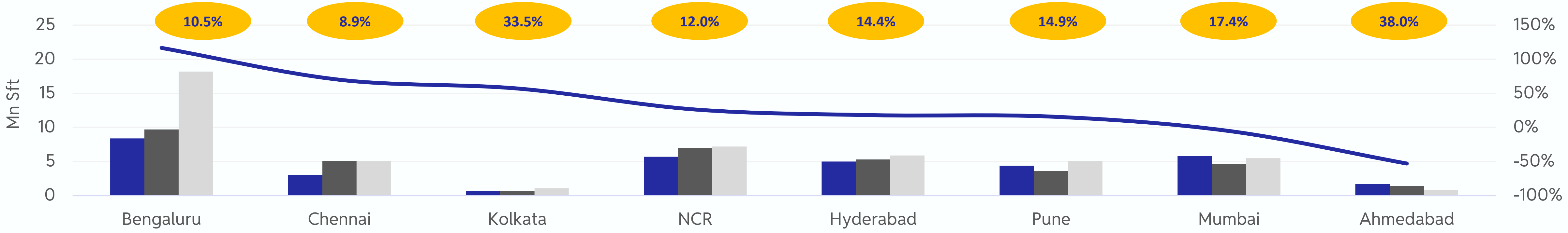
Drivers
Favorable policy environment, rising startup maturity, and secondary market development.

Risks
Delayed exit opportunities, inflated valuations, and governance lapses

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

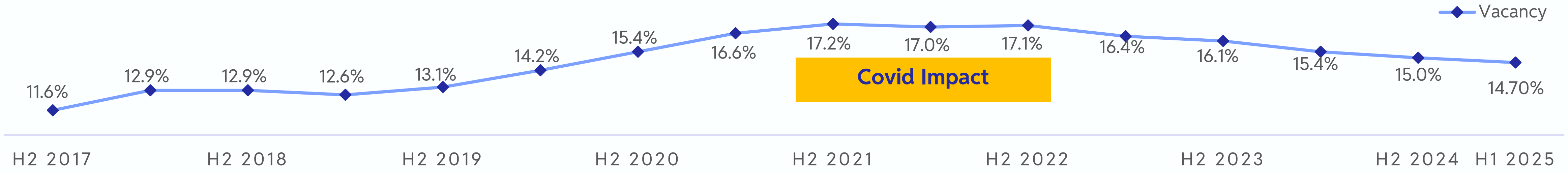
Real Estate: Commercial Real Estate – Scaling New Peaks

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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