



Asset X: Investment Strategy

05, May 2025



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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: Remain At Neutral Allocation

At 22100 levels, we completed deployment to neutral equity allocation in Mar-25. We proposed to stagger our equity allocation at 33% for next 3 months since Apr-25. We stick by the deployment strategy. We maintain our large cap bias with 60% allocation there. It is an active manager’s market.

INR likely to be rangebound

It depends on global macros especially DXY. Expect INR to hover in 84-88 range

Mid & Long duration bond mix is optimal

A portfolio with 3–5-year bonds and long duration bonds, a 60:40 mix remains ideal. Rate cut, growth slowdown and liquidity injection is likely to advantage this mix.

Unlisted Equity has become favorable

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

Precious metals will continue to offer hedge against equity volatility and inflationary expectations

Silver can continue to outperform Gold, albeit with higher volatility.

Commercial RE is improving

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

In Foreign Equities, diversify across economies, staggering will be a good seeding strategy

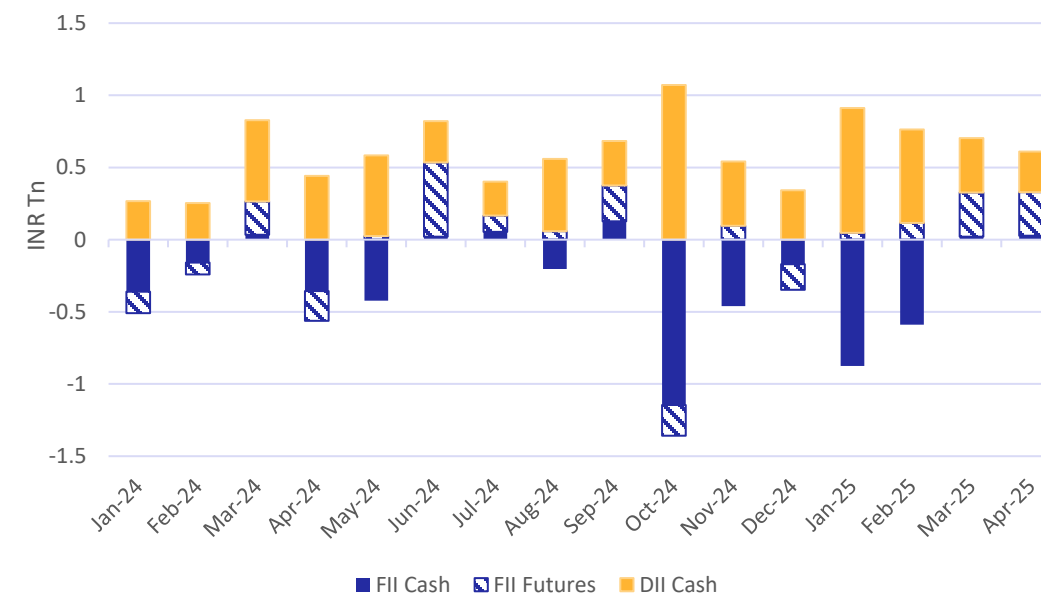
Global markets have eased for now, and earnings have been okay, building a pool for global assets in current times will make sense. Deploy in basket of US, EU and China.

India Equity: Staggered Deployment, Continued Large Cap Bias, Active Manager's Market, Market Undertone Is More Bullish

About 80 companies in the listed space have declared results and they continue to be a mixed bag, so far a moderate start, all eyes will be on earnings in the next month apart from geopolitics..

Sector	# Companies reported earnings	Revenue Growth		EBITDA Growth		PAT Growth	
		YoY Actual	YoY Estimate	YoY Actual	YoY Estimate	YoY Actual	YoY Estimate
Commodity sectors	6	11	(3)	9	6	14	4
Energy (ex OMC)	3	11	(4)	3	1	2	(8)
Metals & Mining	3	11	4	25	18	63	55
Exports/High global exposure	14	6	7	5	7	2	1
Chemicals	1	8	(3)	(4)	(2)	(10)	(25)
Agri fertilizers	1	(1)	10	(433)	64	52	(28)
IT	11	6	7	6	7	2	1
Pharmaceuticals	1	11	10	7	31	8	31
Domestic Investment	14	12	11	12	5	10	(8)
Power	1	17	22	16	21	21	20
Industrials / Infra	5	20	17	21	19	42	24
Cement	3	12	11	10	(1)	(1)	(24)
Real estate	5	(0)	2	3	(3)	(6)	(17)
Domestic consumption	22	13	13	4	8	(2)	(1)
Domestic Auto	5	8	8	(1)	8	3	5
Telecom	1	5	5	6	18	24	(13)
FMCG	5	18	17	7	9	3	5
Durables	4	6	8	(1)	(10)	(4)	(13)
Apparel / retail	2	25	27	28	25	(53)	(60)
Others	1	9	10	10	8	1,809	(870)
Internet	3	56	58	NA	NA	NA	NA
Consumer services	1	10	12	17	10	35	21
BFSI	19	4	11	4	4	8	7
Private Banks	7	1	11	2	2	9	7
NBFC	6	11	(2)	14	12	7	5
Non lending financials	6	2	14	24	21	14	0
Insurance	6	8	18	NA	NA	2	9
Overall	81	9	5	6	5	7	3
Nifty	21	6	2	1	3	10	3

FII have started to tip toe back in April, led by DXY weakness and India's potential amidst global tariff war but uncertainty persists



Source: Nuvama, Ionic Wealth, Data available as on May, 2025

Our Hypothesis

At 22100 levels, we completed deployment to neutral equity allocation. We proposed to stagger our equity allocation at 33% for next 3 months since Apr-25.

Drivers

Valuations, earnings, global and domestic macros, rate cut cycle, domestic growth, strength of dollar and the US economy

Risks

India macro weakening further and no signs of earning revival

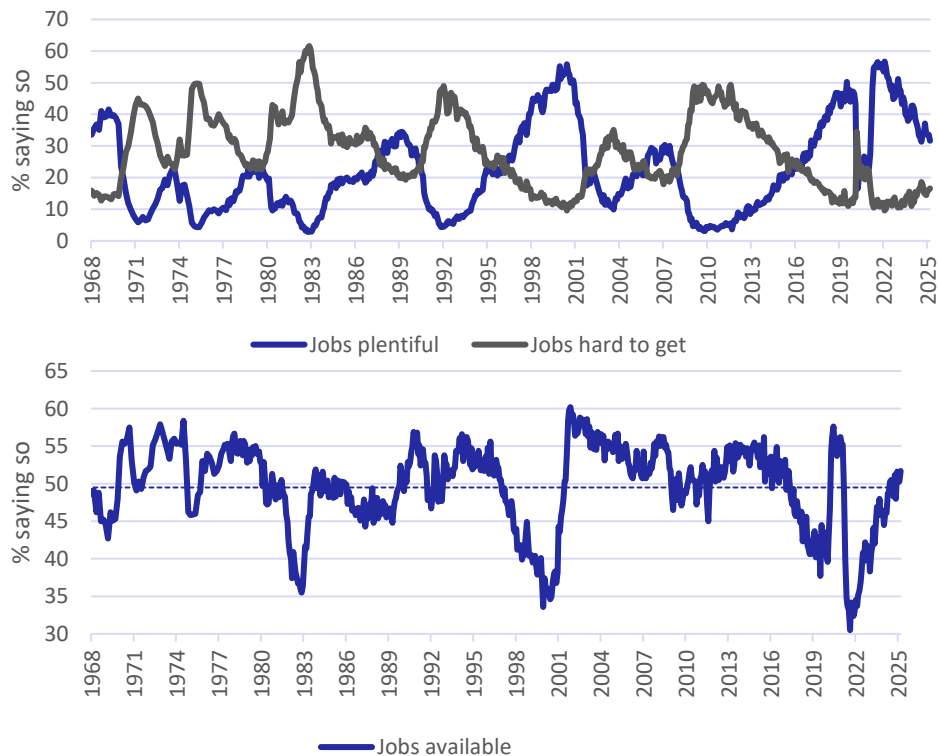
Data to watch

Earnings, interest rates, geopolitics, sentiments, FII and DII flows, domestic demand

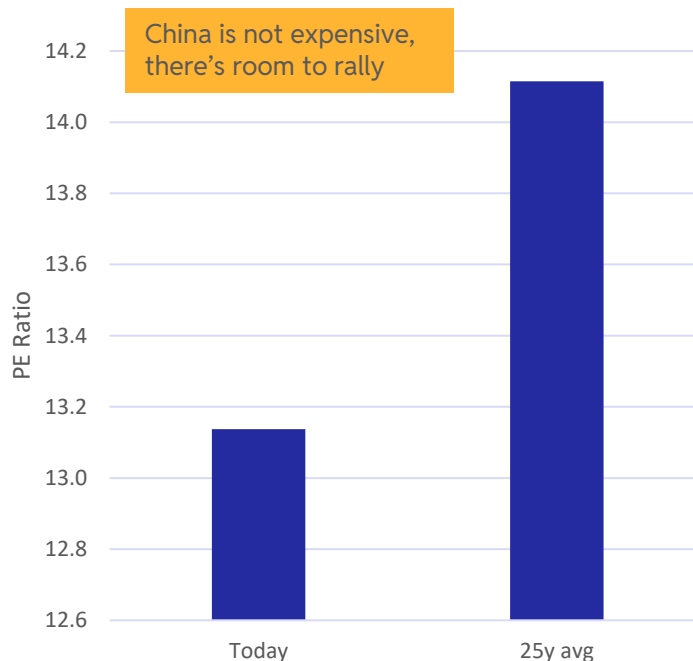
Source: Moneycontrol, Ionic Wealth, Data available as on May,2025

Global Equities: Seeding Phase, Diversify Across Geographies

Jobs available have stayed above it's long term average. However, respondents who believe Jobs are plentiful are on the downtrend. The data is moderating but is not critically weak. Separately, earnings have been strong

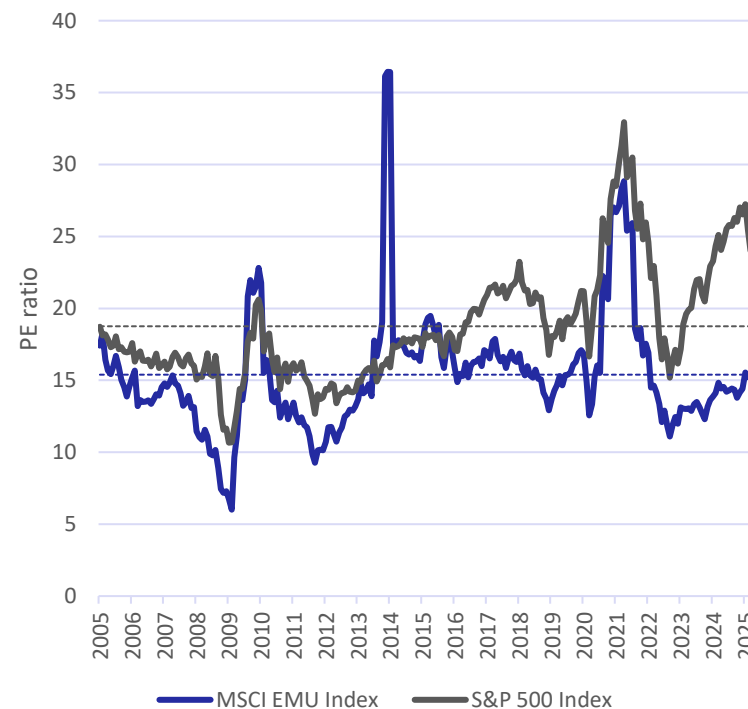


We believe **China will unfold more fiscal stimulus and the next leg of China will be at the intersection of technology and consumption.** In light of tariffs, **expect a higher volatility ahead**



Source: Bloomberg, Ionic Wealth, Data available as on May,2025

Europe appears promising. It can be a good diversification in the overall global equities strategy.



Source: Bloomberg, Ionic Wealth, Data available as on May,2025

Source: FactSet, Ionic Wealth, Data available as on May,2025

Our Hypothesis

Stagger and diversify across global economies. This is a good seeding phase,

Drivers

Reasonable Chinese valuations, uptick in data, tariffs, tech unleash, Chinese stimulus to revive its economy

Risks

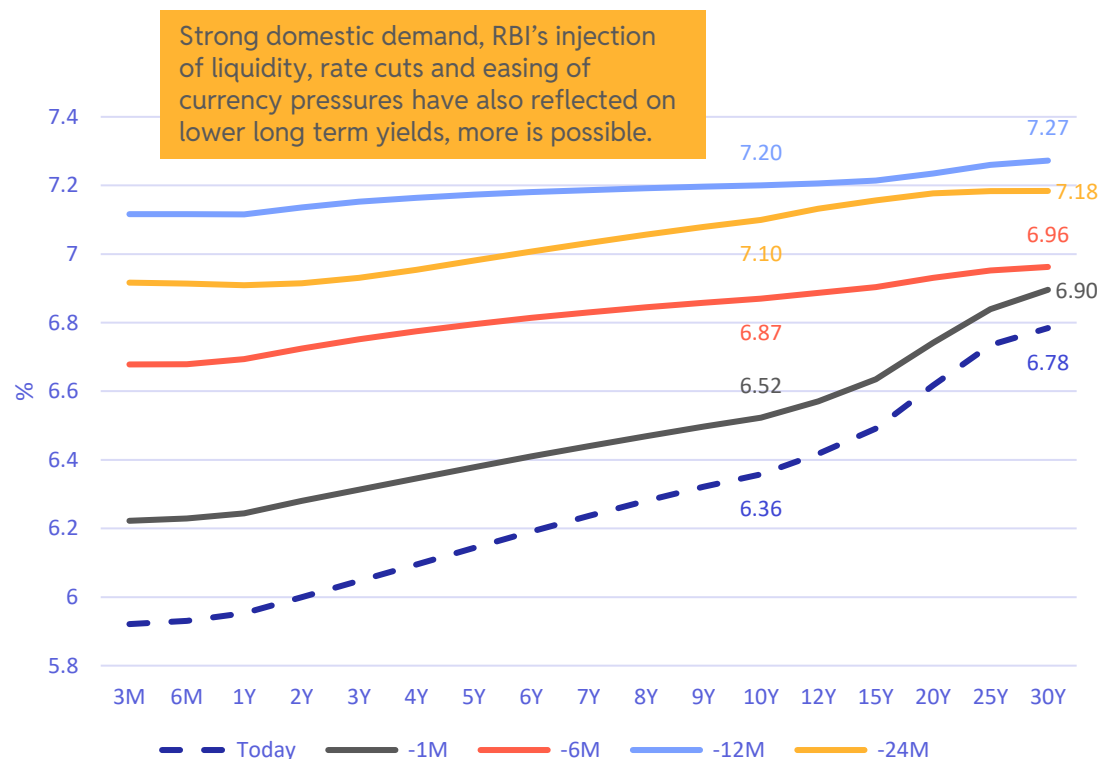
Growth not picking up, more of Trump uncertainty, significant earnings downgrades

Data to watch

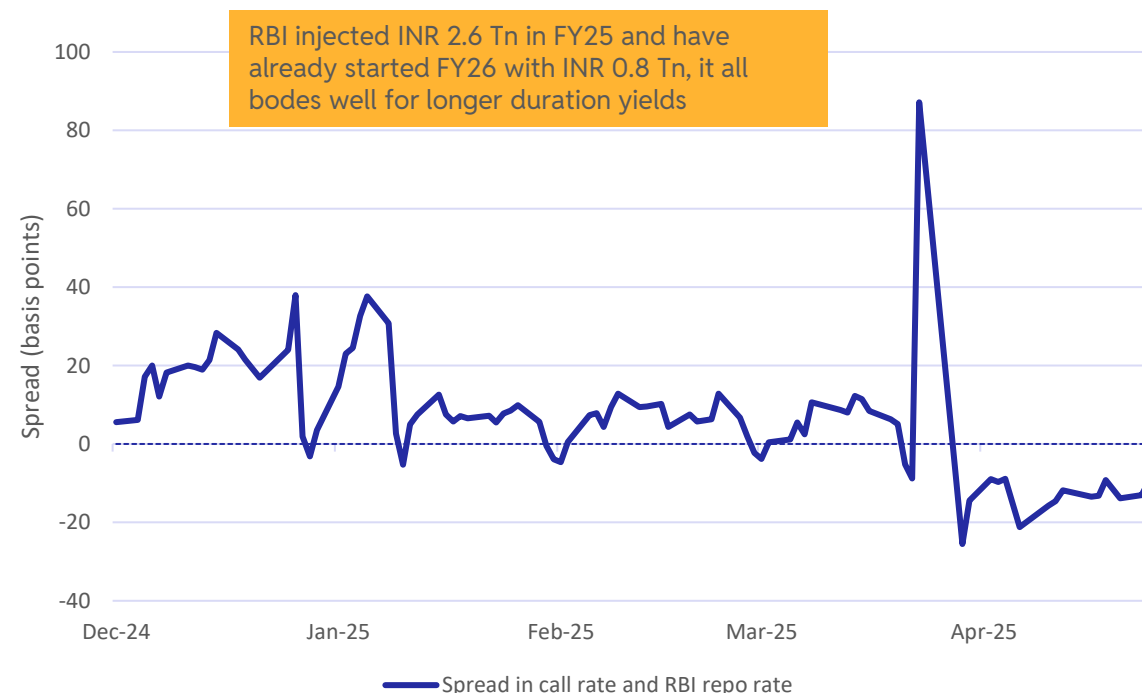
Monetary and fiscal policy of China, rest of the world moves towards US, DXY, real yields, high frequency data

India Debt: Mix of Medium Term And Long Term Debt

We recommend 60% allocation in the 3-5 years duration and 40% in the longer duration. Amidst all the equity noise, 10-year yield has fallen by 50bps in last 6 months.



With RBI's efforts to inject liquidity and start of a rate cut cycle, it appears that effective rate cut is more than the headline as call rate lingers lower



Source: Bloomberg, Ionic Wealth, Data available as on May,2025

Source: Bloomberg, Ionic Wealth, Data available as on May,2025

Our Hypothesis

Long duration has strategically played out, more is possible in coming months as drivers remain amicable

Drivers

Increased demand, start of India rate cut cycle, higher spreads, OMOs

Risks

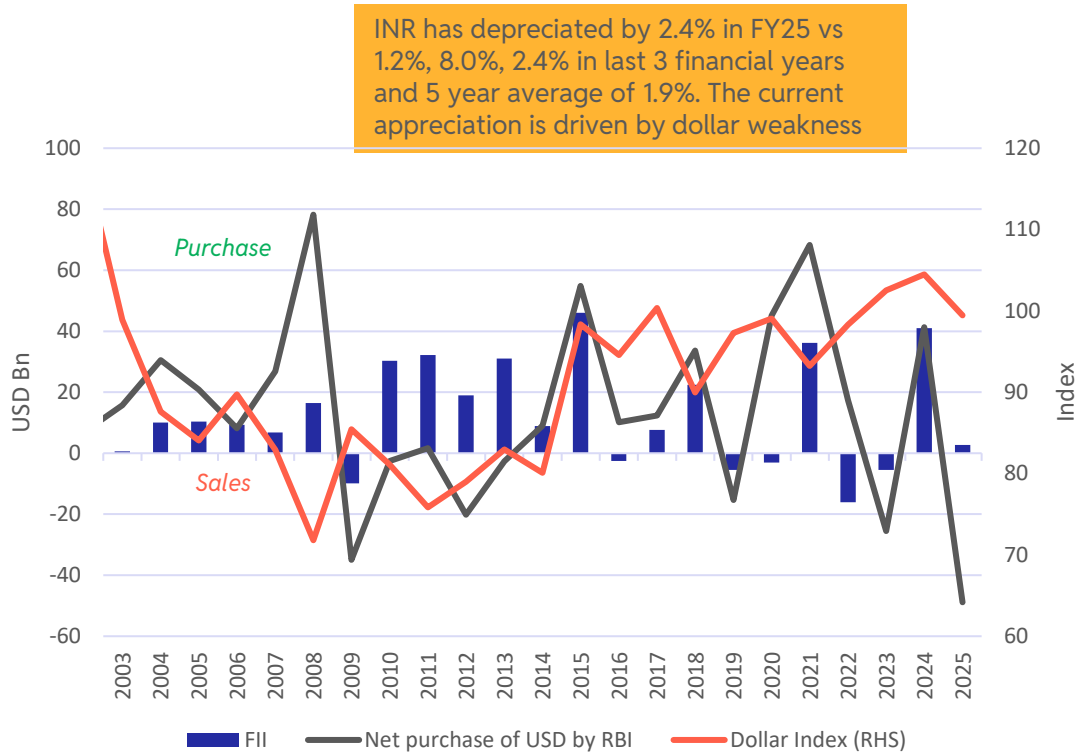
Domestic/US growth & inflation remaining higher, geopolitics, weak currency and delayed rate cuts

Data to watch

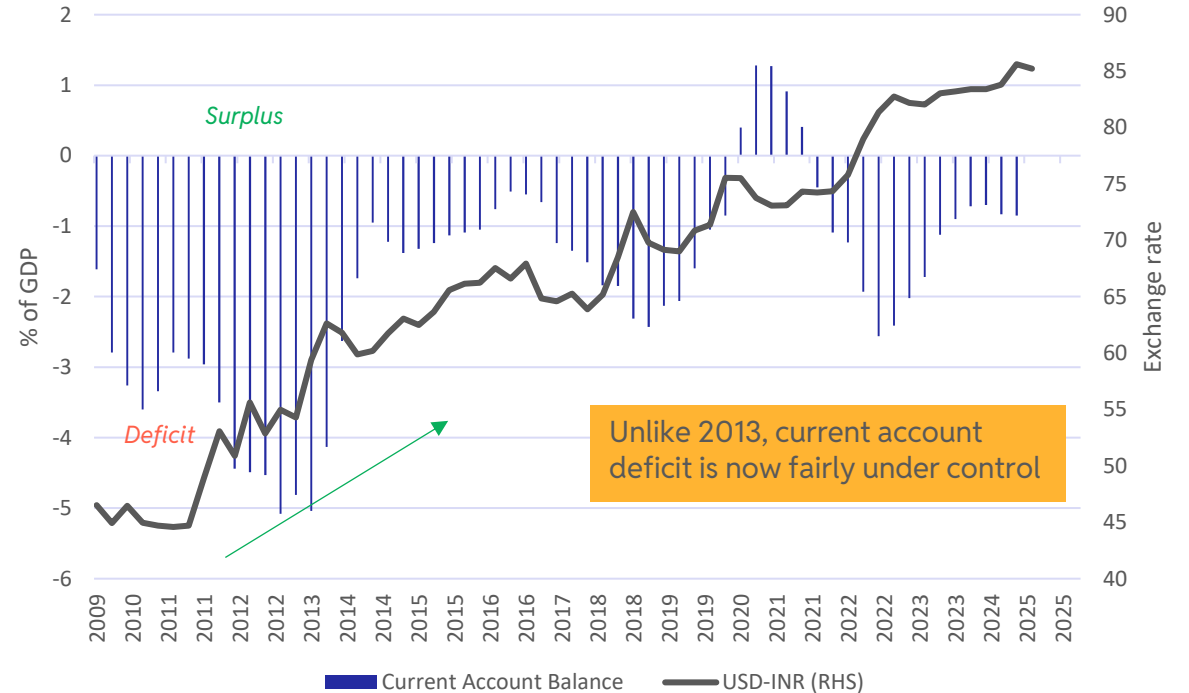
RBI policy, high frequency data, crude oil, more FII inclusions

Currency: Driven By Global Factors, Likely Rangebound

INR is currently at 84.3. Given the macros, INR can be in the range of 84-88 in the near term. RBI has added USD 21 Bn to FX reserves which stand at USD 686 Bn as of 18th April 2025. Current account is comfortable now. Runaway appreciation or depreciation of currency is hard to imagine.



Source: CMIE, Ionic Wealth, Data available as on May,2025



Source: Bloomberg, Ionic Wealth, Data available as on May,2025

Our Hypothesis

INR is likely to be rangebound

Drivers

DXY, RBI action, cushion from FX, FII flows coming back, bond indices inclusion

Risks

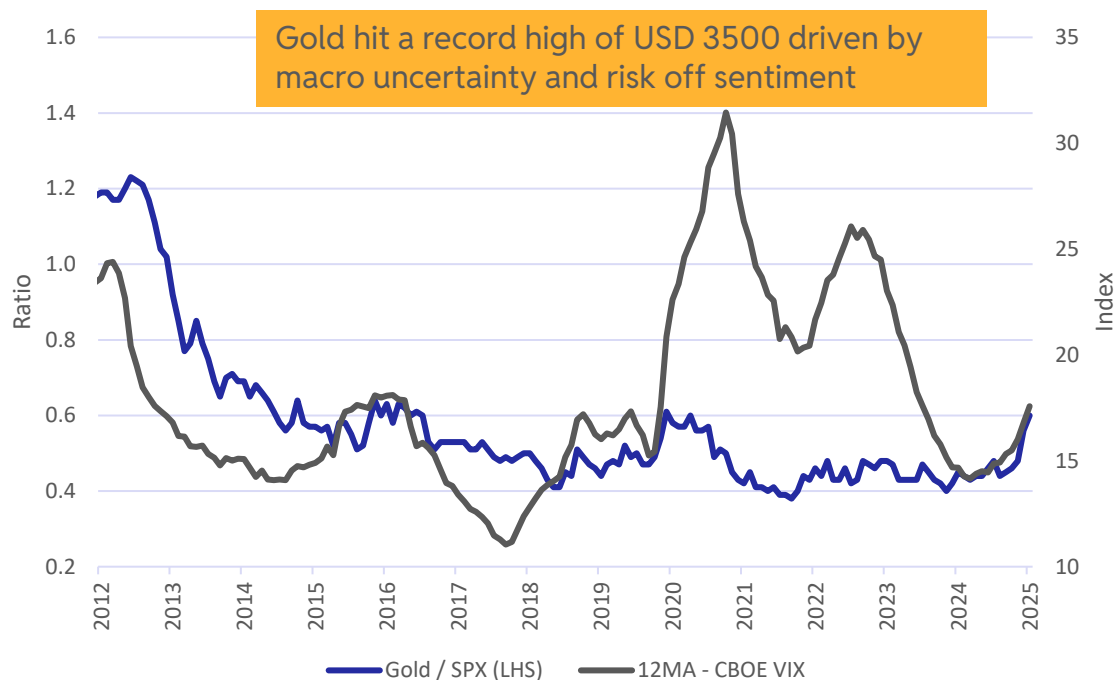
Dollar strength, complete risk off and drying of EM liquidity

Data to watch

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

Commodities: Still Positive Precious Metals, Silver May Have More Space

Gold continues to have a macro stage set up for its performance- possibility of higher inflation, lesser risk appetite, slower growth outlook, and immense policy uncertainty. Despite the current performance, there's still money on the table as far as Gold is concerned.



Note: CBOE VIX : Chicago Board Options Exchange's Volatility Index
Source: Bloomberg, Ionic Wealth, Data available as on May,2025

...Silver is likely to be resilient in the current macro landscape, but higher chances of global growth slowdown can make it volatile. It is still worth accumulating for longer term.

Average	Gold/Silver Ratio
20 years	70
10 years	81
5 years	82
Today	100



Source: Bloomberg, Ionic Wealth, Data available as on May,2025

Our Hypothesis

Precious metals may have more upside left, Silver could possibly benefit more than Gold

Drivers

Chinese demand, hedge against inflation and geopolitical risk, DXY weakness

Risks

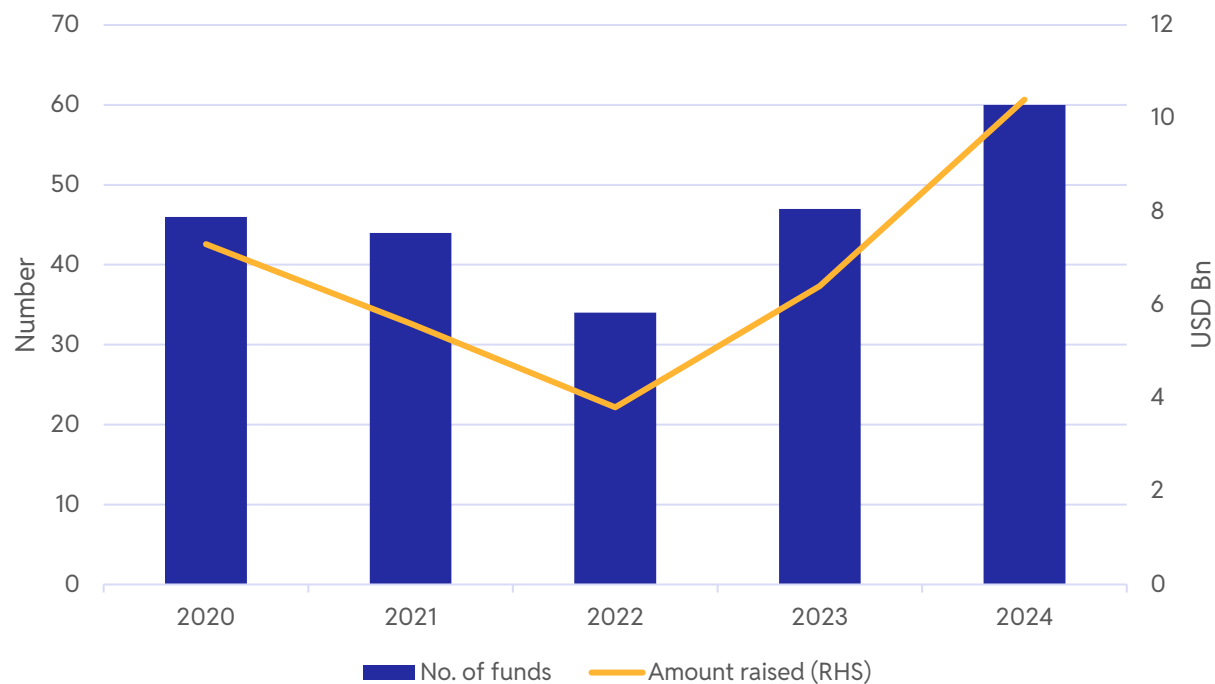
Dollar strength, growth improving for good without inflation

Data to watch

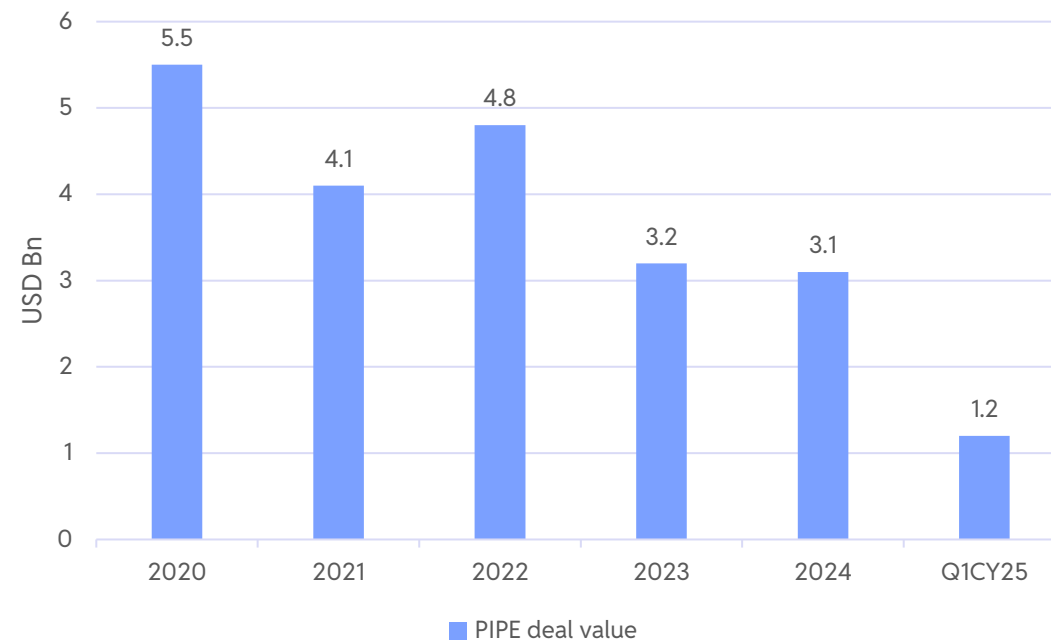
Sentiments, DXY, demand from Chinese central banks for Gold, industrial demand for silver

Unlisted Equities: Record-Breaking Fundraising Despite Fewer Fund Launches in 2024

In 2024, PE fundraising reached an all-time high of USD 10.4 Bn, up 63% from USD 6.4 Bn in 2023, despite a decline in overall number of fund launches.



In the first quarter of CY25, we have seen a phenomenal rise in PIPE deals, reflecting a shift among investors towards more mature, risk mitigated opportunities over high risk, early-stage ventures



Source: Vccedge, Ionic Wealth, Data available as on May,2025

Source: Vccedge, Ionic Wealth, Data available as on May,2025

Our Hypothesis

Unlisted Equity is likely to benefit in select pockets

Drivers

Favourable taxation, reduced future expectation in listed

Risks

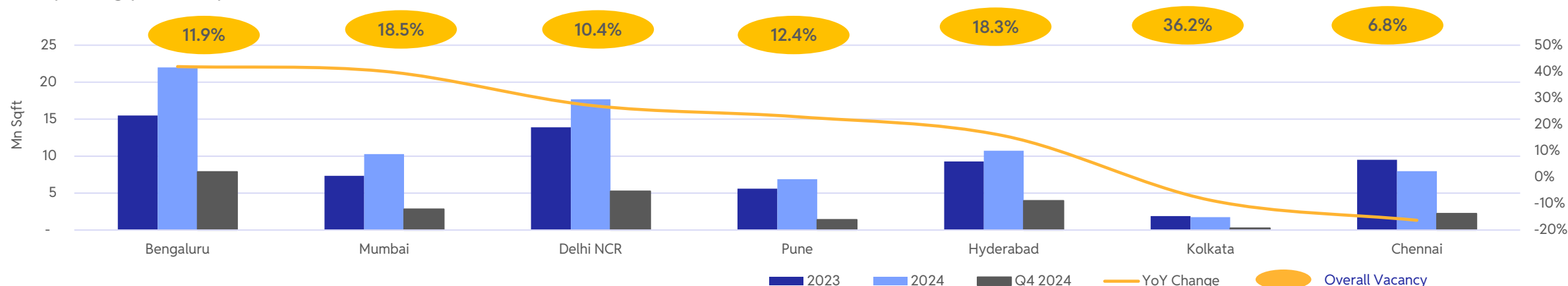
Opaque valuations, liquidity squeeze

Data to watch

Liquidity, rate cut cycle, operational efficiencies

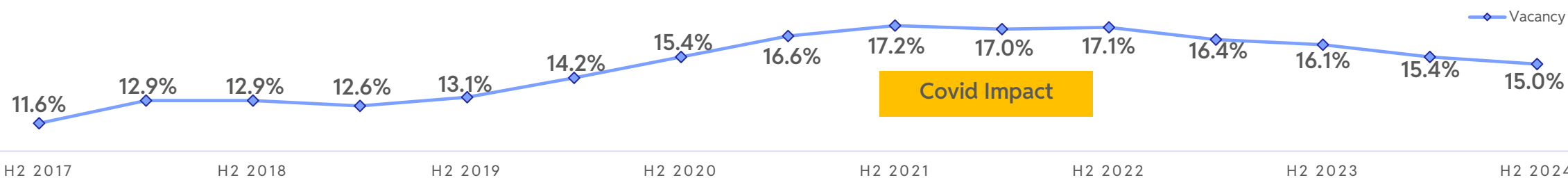
Real Estate: Commercial Real Estate – Scaling New Peaks

In 2024, pan India leasing achieved a record high, with gross leasing of ~77 Mn sqft (up 22.6% YoY) and with leasing of ~24 Mn sqft in Q4 2024 (up 13.6% YoY), surpassing previous peaks.



Positive outlook across locations except Hyderabad and Kolkata

With absorption outpacing supply, vacancy levels have witnessed steady decline in last couple of years



Source: Knight Frank, JLL Research, Data available as on May 2025

Classified as Internal

Our Hypothesis

Commercial RE poised for steady growth with Bangalore & Delhi NCR market leading the charge.

Drivers

GCCs contributing 35-40% of overall leasing and flex office space growing at rapid pace accounting for 15 Mn sqft leased (up 50% YoY)

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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