



Asset X: Investment Strategy

November 6, 2025



“**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 better than expected earnings so far. We are 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, SMIDs allocation could be increased alongside large caps. 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 (Note: We had tactically changed the mix from initial 60:40 in June). Rate cut, growth slowdown and liquidity injection is likely to advantage this mix.

INR likely to be rangebound, with a downward bias

INR to be driven by global factors. Could remain under some pressure despite DXY weakness. We expect INR to hover in 85-90 range.

Neutral to Positive on Precious Metals, More of a Risk Adjustment Play from Hereon

We exited silver at a time when global and domestic markets were commanding artificial premiums. From hereon, we believe silver could consolidate, while gold could benefit from sustained central bank buying & investor demand. The long-term precious metals story, however, is intact.

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, market breadth to likely widen, optimistic about favourable trade deal, sustained foreign investment still awaited

Earnings season is turning out to be better than previously expected...

...and economic data shows some green shoots. Continued expansionary fiscal and monetary policy important for sustained economic revival

Q2FY26										
Rs in Trillion	No of Cos	Revenue	YoY	QoQ	Report ed PAT	YoY	QoQ	Adj PAT	YoY	QoQ
NIFTY500	214	23.05	5.20%	-0.60%	2.49	12.90%	-1.40%	2.51	14.90%	1.40%
BFSI	64	6.17	-1.80%	-5.40%	1.06	4.60%	10.80%	1.06	4.20%	7.80%
Non-BFSI	150	16.88	8.00%	1.20%	1.43	20.00%	-8.80%	1.45	24.30%	-2.90%
Non-BFSI Exc Cement, O/G, Metal/Mining	127	10.15	10.30%	5.00%	1.05	6.80%	-6.10%	1.06	7.60%	1.00%
Commodities: Cement, O/G, Metal/Mining	23	6.73	4.60%	-4.00%	0.38	83.10%	-15.60%	0.39	112.60%	-12.00%

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Sep-25 12M Rolling Avg	Sep-24 12M Rolling Avg
Passenger cars sales YoY%	-5.9	-5.8	-10.7	1.9	1.3	6.8	↑ -3.3	↓ -12.3
Two wheelers Sales YoY%	-11.8	5.4	2.3	13.3	10.5	8.0	↓ 5.1	↑ 19.5
Tractor Sales YoY%	7.0	8.4	10.2	7.1	24.6	42.9	↑ 16.4	↓ -7.1
Eight Core Industry YoY%	1.0	1.2	2.2	3.7	6.3	3.0	↓ 3.8	↑ 5.8
IIP YoY%	2.6	1.9	1.5	4.3	4.0	4.0	↓ 3.6	↑ 4.9
Bank Credit YoY%	10.3	9.0	9.5	10.0	10.0	9.8	↓ 10.6	↑ 18.3
Personal Loans YoY%	11.9	11.1	12.1	11.9	11.8	11.7	↓ 12.0	↑ 24.5
Credit to Industry YoY%	6.6	4.8	5.5	6.0	6.5	7.3	↓ 6.9	↑ 8.2
Credit to Services YoY%	10.5	8.7	9.0	10.6	10.6	8.5	↓ 11.0	↑ 20.8
Deposit Growth YoY%	10.2	9.9	10.1	10.2	10.2	10.1	↓ 10.4	↑ 12.7
Credit-Deposit Ratio YoY%	79.8	78.9	78.9	78.9	80.8	80.8	↑ 79.8	↓ 79.5
Systemic Liquidity (Rs. Bn)	1157.7	2589.0	3251.9	3264.1	2639.8	1545.6	↑1204.0	↓ 98.5
Policy Repo Rate %	6.0	6.0	5.5	5.5	5.5	5.5	↓ 6.0	↑ 6.5
Govt. Capital Expenditure (Rs. Tn)	1.6	0.6	0.5	0.7	0.8	1.5	↑ 0.8	↓ 0.7

Source: IKIGAI Asset Manager

Our Hypothesis

We believe that 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.

Drivers

Valuations, earnings, global and domestic macros, rate cut cycle, GST reforms and domestic growth revival

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

Risks

India macro weakening further, slower than expected revival in earnings, delayed rate cuts, geopolitical pressures

Data to watch

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

Industrial Metals May Gain Among Current Global Macros, Tactical Allocation To NIFTY Metals Index Can Be Looked At

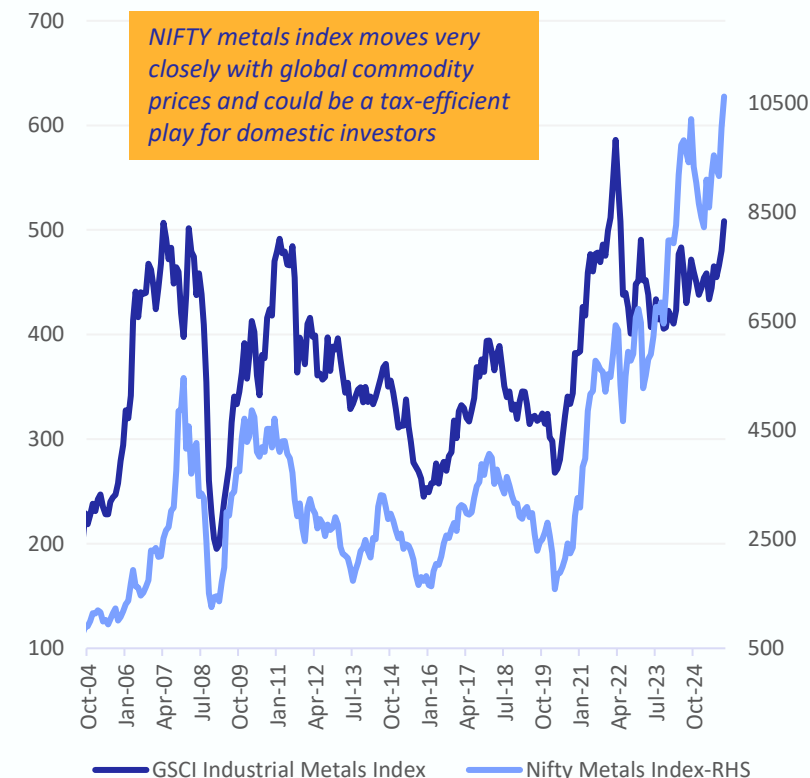
Base metals like copper and aluminum could benefit from continued DXY weakness, given their strong inverse correlation with the USD. Moreover, their close alignment with the global capex cycle suggests that an uptrend in investment spending could further support a rally in these metals. Similarly, a declining copper-to-gold ratio indicates that copper is undervalued relative to gold, suggesting potential upside for industrial metals if growth momentum improves.



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



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



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

Our Hypothesis

We believe a turnaround in global growth amid improved trade relations between the key economies, along with continued USD weakness could support Industrial Metals. However, volatility might continue as this segment is highly susceptible to changes in global trade dynamics.

Drivers

Improved outlook on global demand revival, supply bottlenecks, USD weakness.

Risks

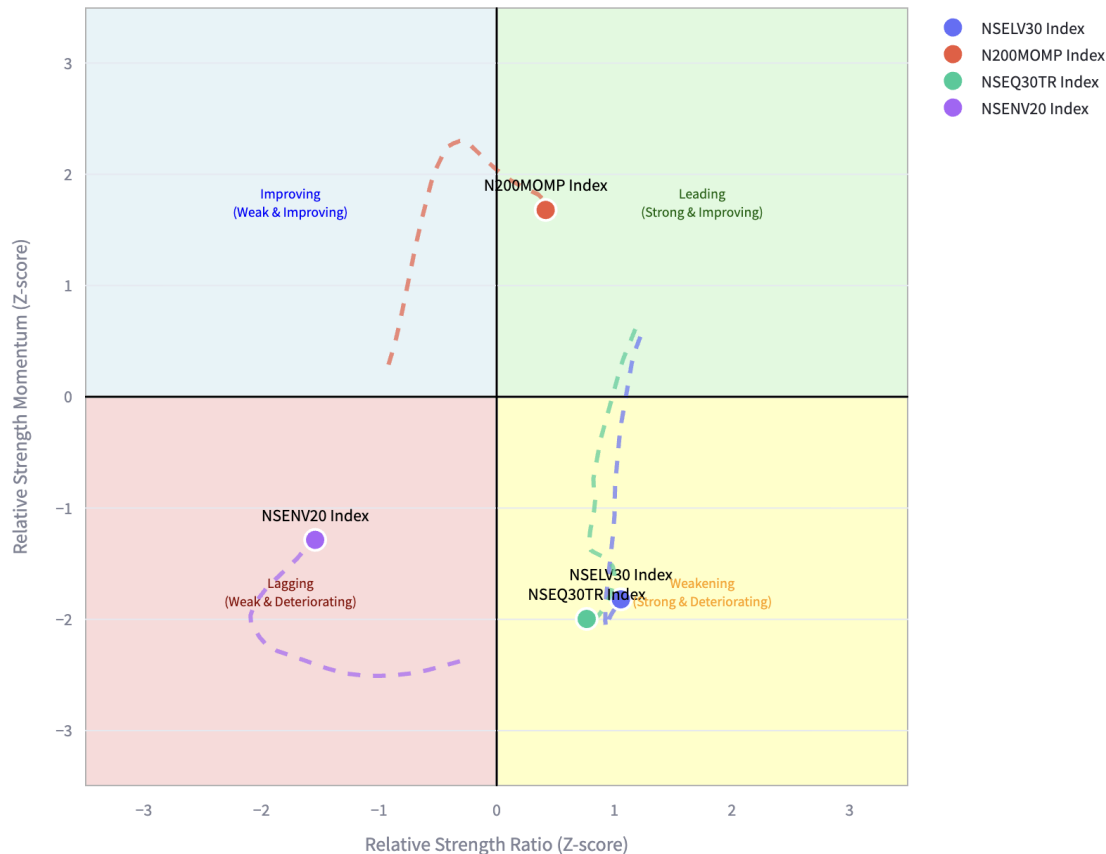
Delay in global growth recovery, renewed tensions between US and China, USD strengthening.

Data to watch

High frequency data on global growth, inflation, interest rates, geopolitics.

Factors- A Rebound in Momentum Picks Up

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

Daāṛēḡ	Ḥ ēēḥĉ	Ḥ ēēḥġ	Ḥ ēēḥġ	Ḥ āāōḡ	Ḥ āāōḡ	Ḥ āāōḡ	Ḥ āāōḡ
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Interpretation

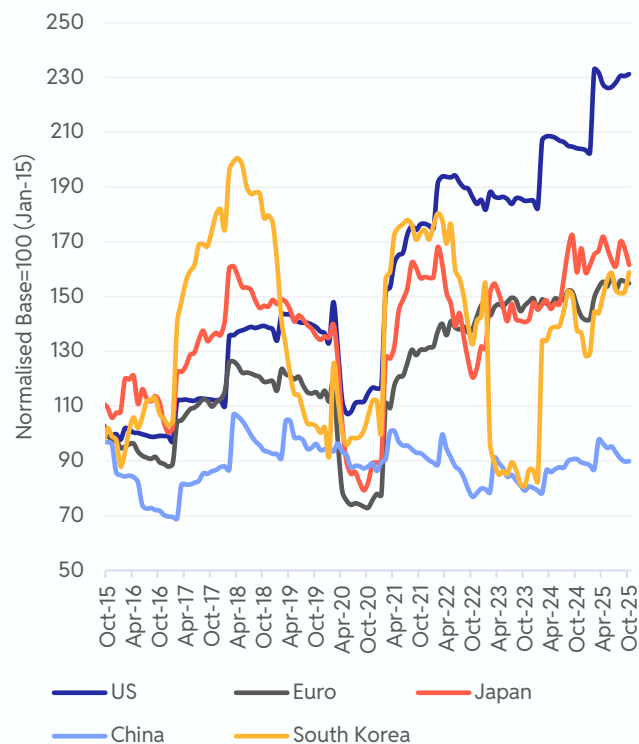
- **Momentum** from increasing strength of performance (Y-Axis) has now come into absolute outperformance (X-Axis) to Nifty 50 over 6M
- Strategic allocation since August-2025 has turned out to be positive
- Low Vol remains to be an outperformer vis a vis the benchmark
- **Our View:** Investment into Momentum should be completed

Risks

- On a 1 Year basis, both the absolute outperformance (X-Axis) and rate of outperformance (Y-Axis) remains weak
- On a 1 Year basis, the momentum index doesn't quit the "Lagging" quarter

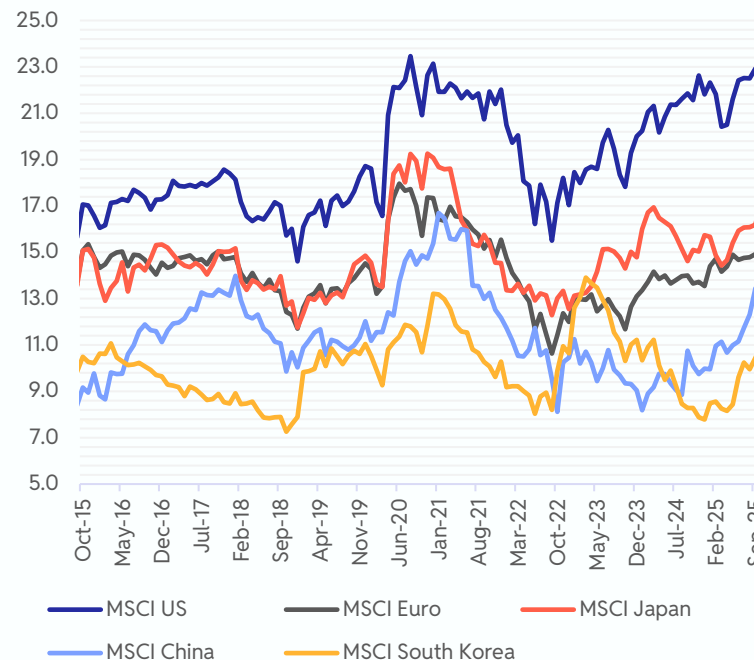
Global Equities: Favourable Opportunity, Diversify Across Geographies

US continues to deliver strongest earnings growth within the key economies, others trying to catch pace



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

Markets like Europe, Japan, China, and Korea trade at comparatively modest valuations, offering diversification potential



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

ETF flows to US remain dominant, whereas share of Japan and Eurozone has significantly fallen from a decade ago levels-- potential for increase in share for these economies can keep the momentum

ETF Flows (% of Total Global ETF Flows)					
	Japan	South Korea	US	Eurozone	China
2015	12.9	-0.2	43.0	8.5	3.8
2016	7.0	0.3	67.3	-2.0	-4.1
2017	8.8	0.2	51.8	3.8	-1.8
2018	14.1	2.5	44.5	-1.6	10.3
2019	8.1	1.0	58.2	1.8	-4.0
2020	8.8	-0.4	58.9	-0.4	2.2
2021	2.4	0.2	59.7	1.1	1.8
2022	0.1	1.0	69.4	-0.1	3.4
2023	2.4	2.2	57.9	2.1	6.0
2024	0.5	0.6	64.4	1.1	9.9
CY 2025	0.1	1.2	53.4	1.7	3.8

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

Our Hypothesis

Diversify across global economies. Pockets of opportunities within US backed by strong earnings, along with relatively modest valued markets like Europe, China and Korea

Drivers

Strong fundamentals of US tech stocks, reasonable valuations ex US, easy monetary policy in China and Korea

Risks

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

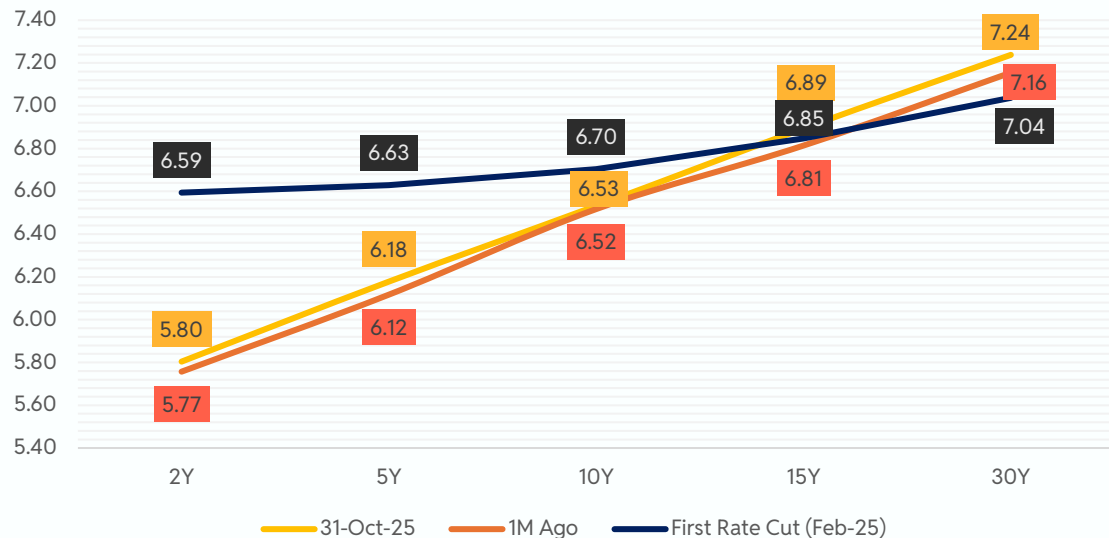
Data to watch

Monetary and fiscal policy of China, US's rate actions, 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 moved marginally higher, tracking the movement in US treasury yields after Fed's hawkish undertone in the last FOMC meeting. RBI, in the next few policies would likely maintain a dovish stance along with easy liquidity, thereby supporting softening in domestic yields



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

Our Hypothesis

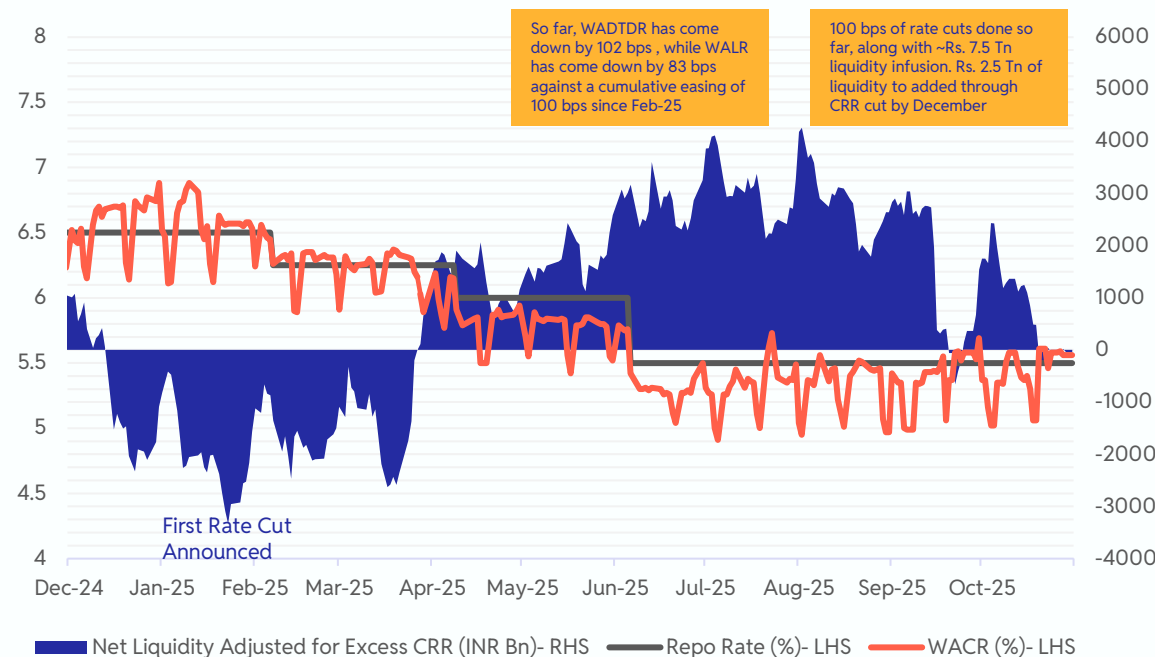
Short-term volatility could continue largely due to global factors. Higher allocation of ~75% in 3-5Y papers ideal, while ~25% could be allocated in longer durations. This mix could benefit from continued rate cuts.

Drivers

Continued domestic rate cuts and easy liquidity, US rate cuts.

Systemic liquidity observe some strain, largely due to RBI's FX Intervention– Unwinding of previous short positions

Liquidity surplus will help in transmission; RBI is likely to keep liquidity in surplus



Source: Bloomberg, Ionic Wealth, Data available as of October 2025 | WADTDR- Weighted average domestic term deposit rate, WALR- Weighted average lending rate, WACR- Weighted average call rate

Risks

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

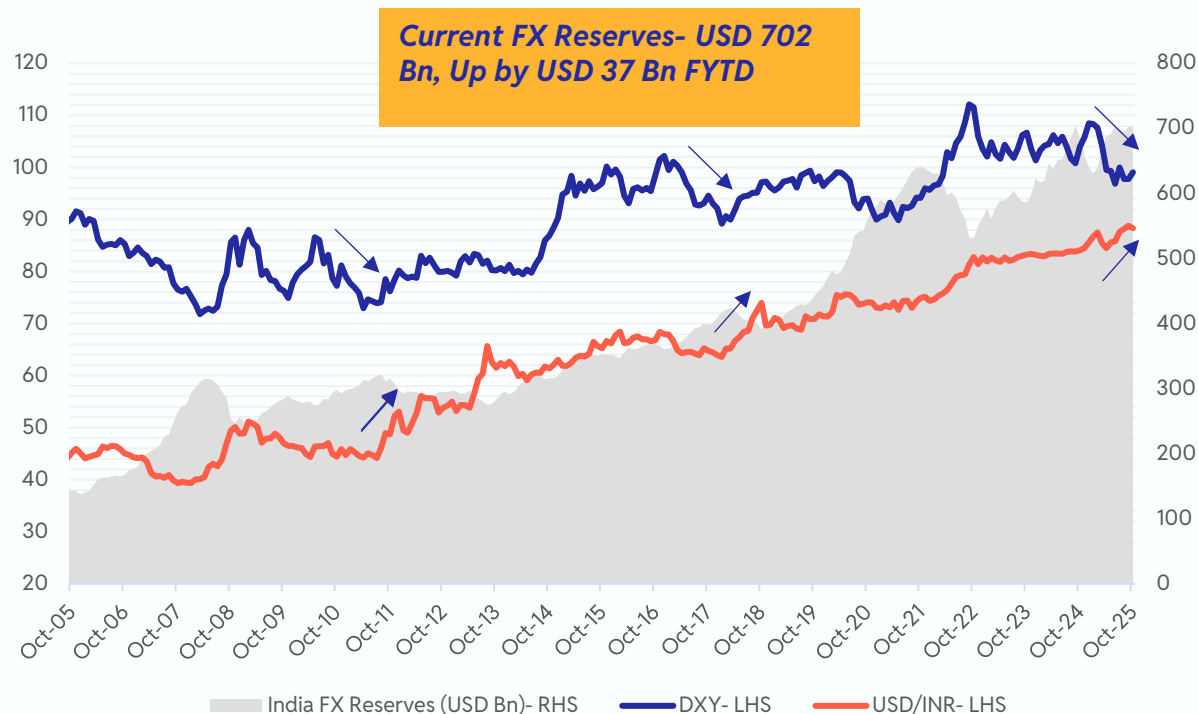
Data to watch

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 Global Factors, Likely Rangebound With A Downward Bias

India is an emerging market, a net importing economy, therefore India is likely to target to build reserves even if DXY weakens over substantially appreciating the currency, as has been the case in the past- periods of DXY + INR weakness have co-existed

...this time around too INR has weakened alongside DXY weakness, *in fact it has depreciated the most amongst the key global currencies*



	USD/CNY	USD/INR	USD/KRW	USD/JPY	EUR/USD	GBP/USD	DXY
1M	0.04%	0.02%	-1.87%	0.16%	-0.16%	-2.19%	2.08%
3M	1.12%	-1.34%	-2.63%	1.01%	-1.01%	-0.42%	-0.16%
6M	2.09%	-5.06%	-0.40%	-0.17%	0.17%	-0.95%	-0.44%
1Y	-0.02%	-5.58%	-3.85%	0.04%	-0.04%	1.96%	-4.01%
CYTD	2.46%	-3.65%	2.85%	-0.02%	0.02%	5.07%	-8.00%
3Y	1.83%	-7.64%	-0.59%	1.00%	-1.00%	13.23%	-9.89%

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

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

Our Hypothesis

INR is likely to be rangebound with a marginal downward bias.

Drivers

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

Risks

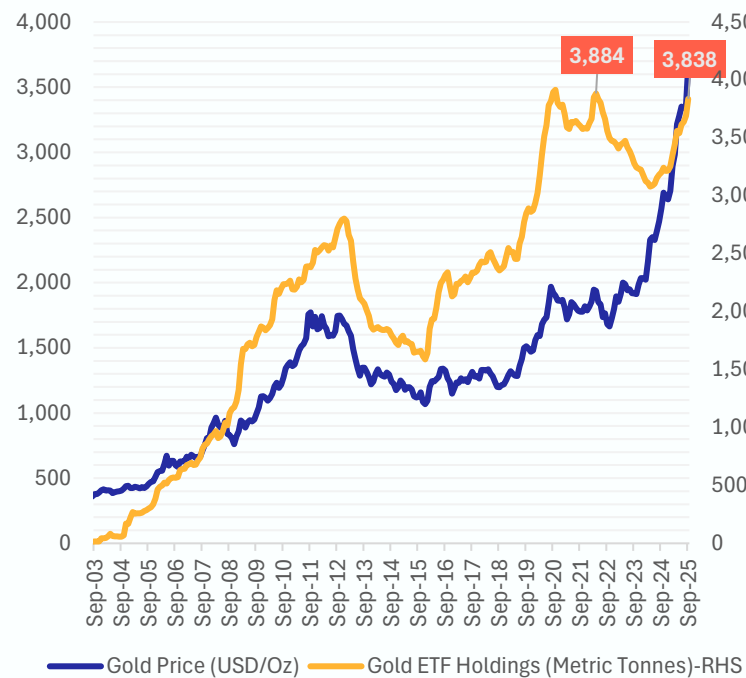
USD strength, complete risk off and drying of EM liquidity

Data to watch

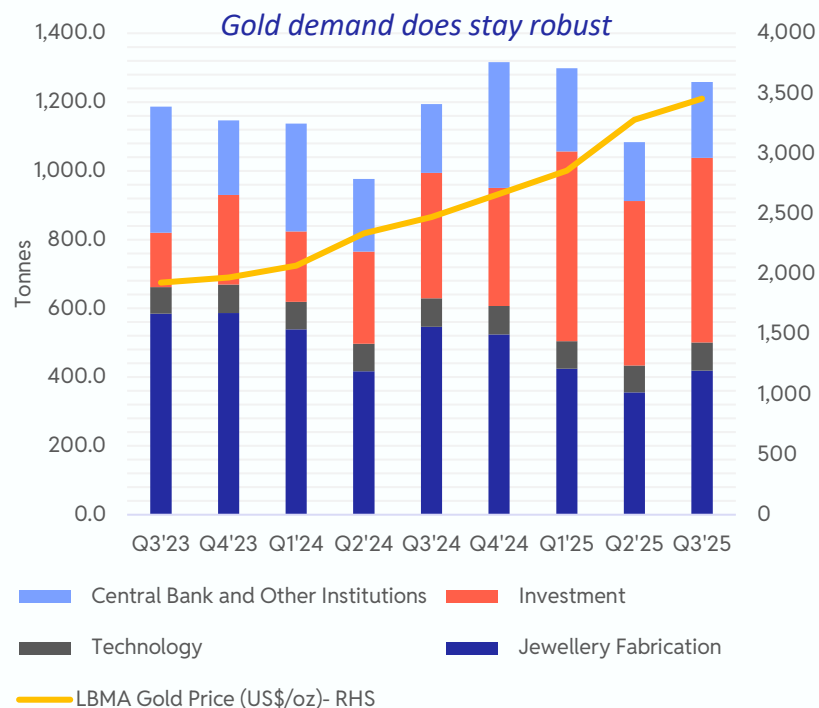
FX reserves, flows, DXY, geopolitics, inflation differential, yield movements

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, had regained investor interest in recent months amid global macroeconomic uncertainty and optimism over strong industrial demand. However, silver prices witnessed a sharp correction after an extended rally earlier in the year, driven largely by profit-booking and the normalization of previously elevated trade premiums amid momentary supply squeeze.



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



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

In mid-October, silver markets both domestic and London experienced a squeeze, leading to elevated premiums. However, since then, silver prices have corrected, and premiums have fallen.



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

Our Hypothesis

Silver could consolidate from hereon. Gold could benefit in the short to medium term 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

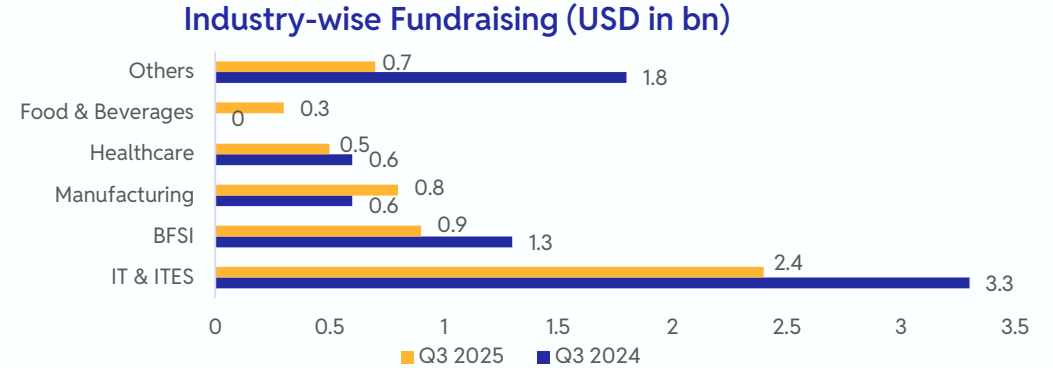
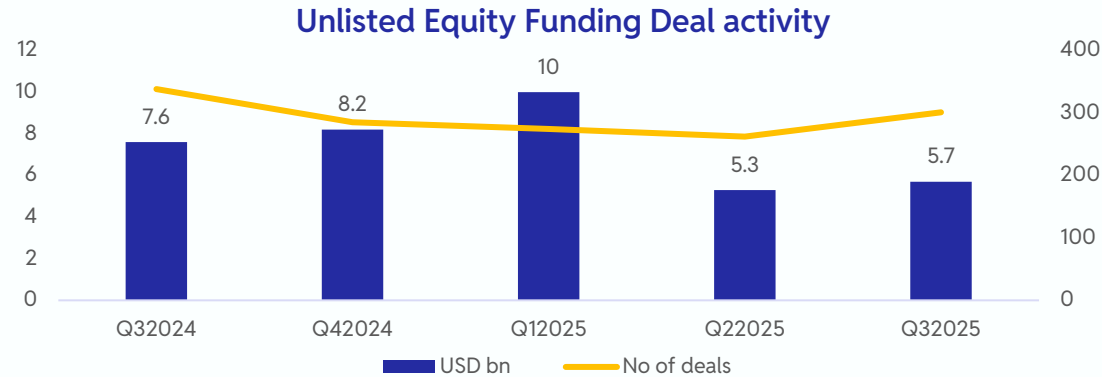
Data to watch

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

Unlisted Equities: Strong Fundraising, Strategic Exits Drive Market Dynamics

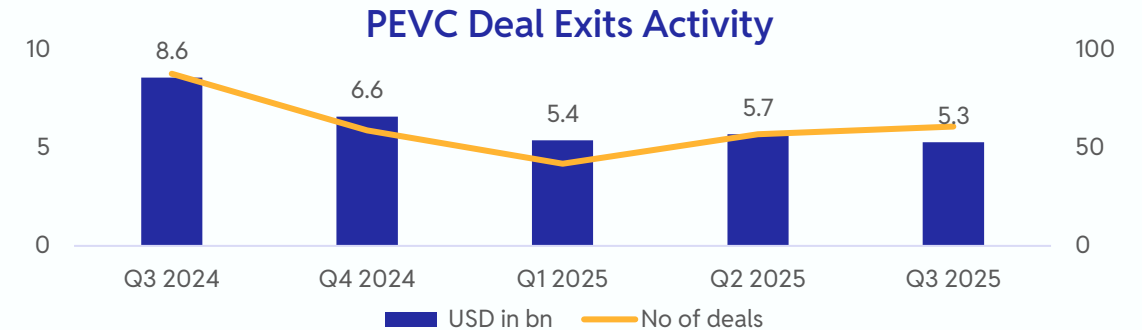
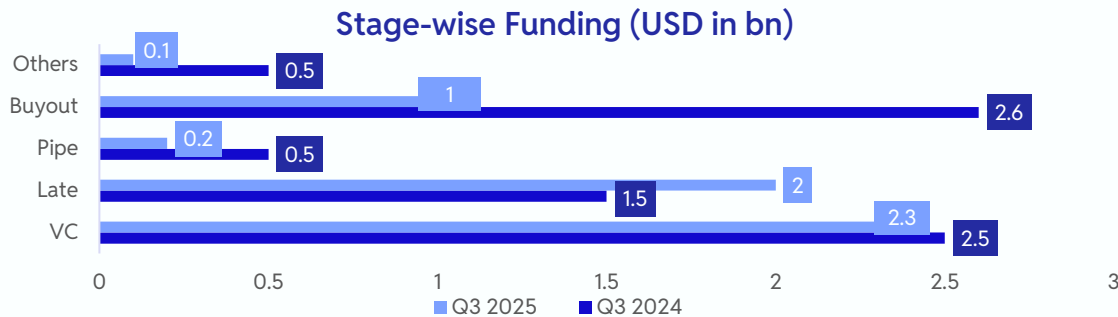
Unlisted equity activity showed signs of steady recovery in Q3 2025, with total deal value rebounding to USD 5.7 bn from USD 5.3 bn in the previous quarter. While deal momentum remains below the early-2025 peak, investor sentiment is gradually improving as valuation expectations moderate and dry powder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

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



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

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

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

Our Hypothesis

Unlisted markets will 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

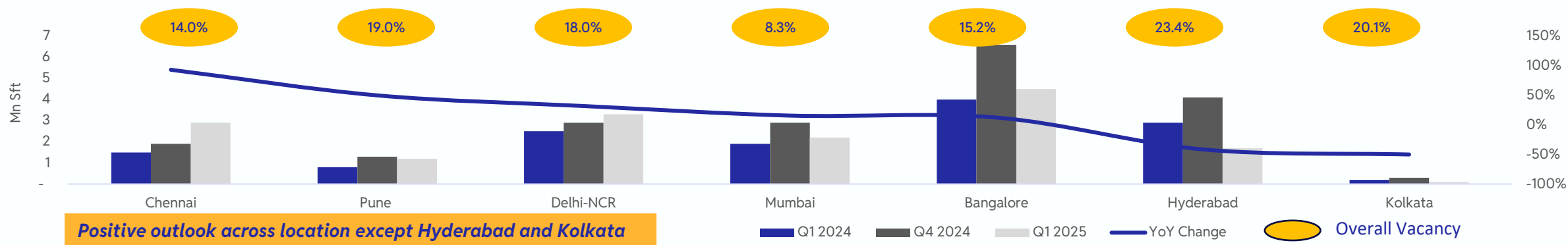
Delayed exit opportunities, inflated valuations, and governance lapses

Data to watch

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

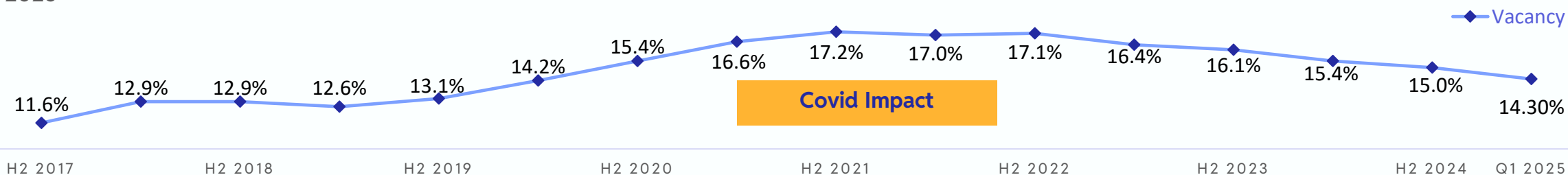
Real Estate: Commercial Real Estate – Scaling New Peaks

In Q1 2025, pan India office leasing got off to a strong start with gross leasing of ~15.9 Mn sft (up 15.0% YoY). Bengaluru & Delhi led from the front accounting for ~50% of the overall leasing, while Chennai trumped all markets in leasing growth.



Source: Colliers India

With absorption outpacing supply, vacancy levels have witnessed steady decline in last couple of years. With decline in vacancy levels, rentals surged 8% annually in Q1 2025



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 ~45% of overall leasing and flex office space growing at rapid pace contributing over 20% of Q1 2025 leasing

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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