



Asset X: Investment Strategy

October 2024



What Are We Saying?

There is more opportunity in domestic large caps

Defensives such as Consumer and Pharmaceuticals appear favorable

Long duration Bonds in India

has the stage set up for performance

Precious metals still have more runway available

Silver can outperform Gold

In Foreign Equities, US is a stable bet, China has been our strong tactical call

Combination of low valuation, growth stimulus and flows make China an interesting investment avenue

INR is likely to be range bound,

with mild depreciative bias

Unlisted Equity has become favorable

after recent tax announcements. The late stage funding is ripe, can early stage pick up?

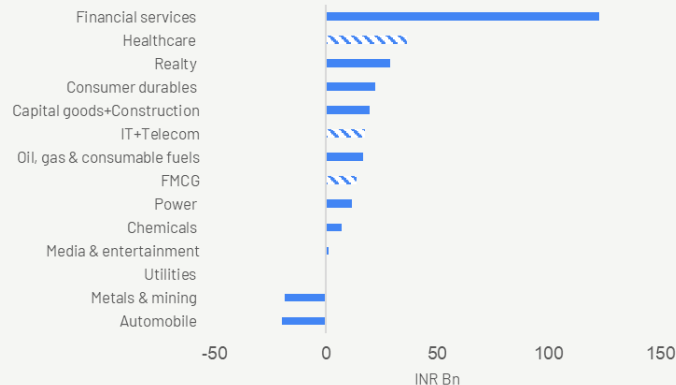
India Equity: Opportunity In Large Caps, Defensives

Earnings and Flows are positive for defensives...

Defensives earnings is likely to outperform the broader markets

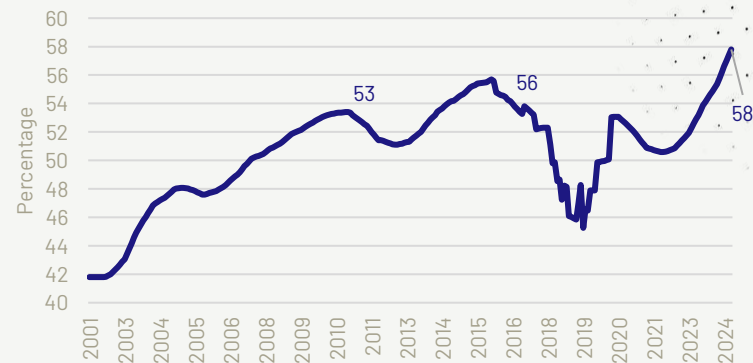
Est EPS growth	NSE500	IT	FMCG	Pharma
	13%	20%	18%	25%

FII flows are also amicable to these sectors



...with mid to late-stage bull market now favoring large caps

Return	Large cap		Mid cap		Small cap	
	1M	2M	1M	2M	1M	2M
	2.2%	3.6%	1.8%	2.2%	1.4%	2.8%



12 MA - % of NSE members with 4y CAGR > 30%

Source: CMIE, Angel One Wealth, Data as on Oct, 2024

Source: Bloomberg, Angel One Wealth, Data as on Oct, 2024
Large cap=Nifty 50 ; Mid cap=Nifty Midcap 150 ; Small cap=Nifty Small cap 250

Our Hypothesis

India is in a mid to late stage bull run, go for large caps, defensive sectors

Drivers

Valuations, global risk-off sentiment, fall in global demand, reducing corporate earnings

Risks

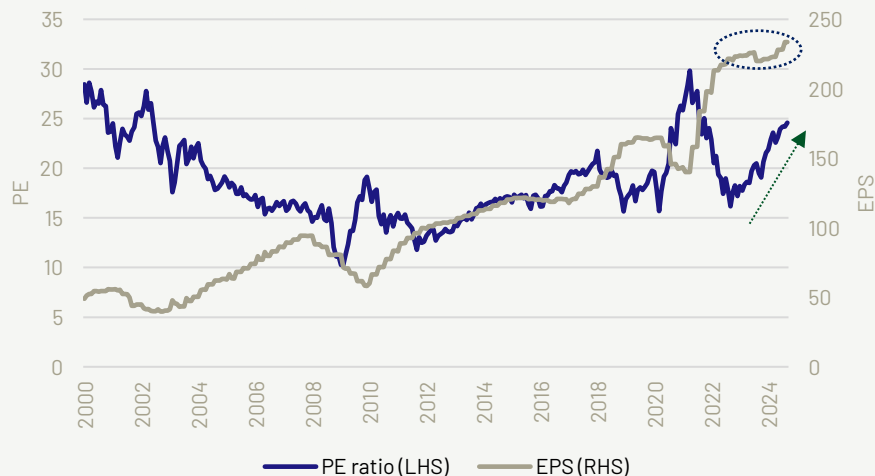
Domestic growth surprising to upside, favourable geopolitics, US rate cuts, flows and liquidity

Data to watch

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

Global Equities: Stable US, Tactical China

US: Good Earnings Growth, High Valuations a stable portfolio allocation



China: Cheap Valuation, revival in momentum with stimulus, re-iterating our Sep 05, 2024 call



Source: Bloomberg, Angel One Wealth, Data as on Oct, 2024

Source: Bloomberg, Angel One Wealth, Data as on Oct, 2024

Our Hypothesis

US is a stable bet but China is a strong tactical call given measures to revive economy

Drivers

Cheap Chinese valuations, minor uptick in data, Fed rate cuts giving room for expansion in China

Risks

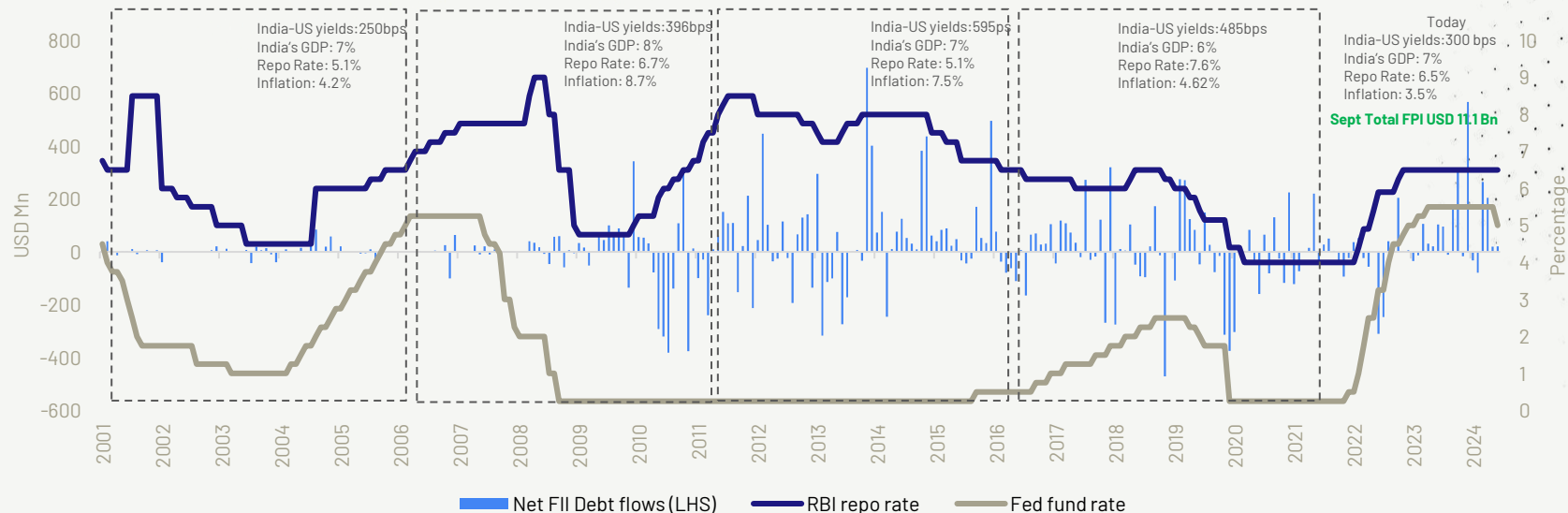
Growth not picking up, Trump's victory and tariffs

Data to watch

US election polls, monetary and fiscal policy of China, rest of the world moves towards US

India Debt: Go Higher On Duration

India will see a new era with unprecedented debt FII flows, lower inflation differential with US and higher growth, when the rate cut cycle starts in few months



Source: Bloomberg, Angel One Wealth, Data as on Oct, 2024

Our Hypothesis

Mid-to-long duration debt is likely to outperform, yields may ease from current levels

Drivers

Increased demand, onset of global rate cut cycle, robust domestic fundamentals

Risks

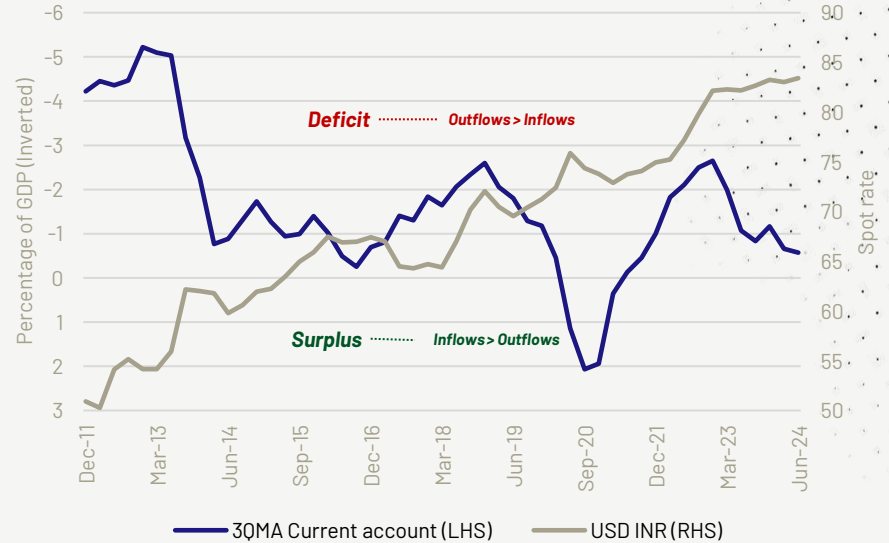
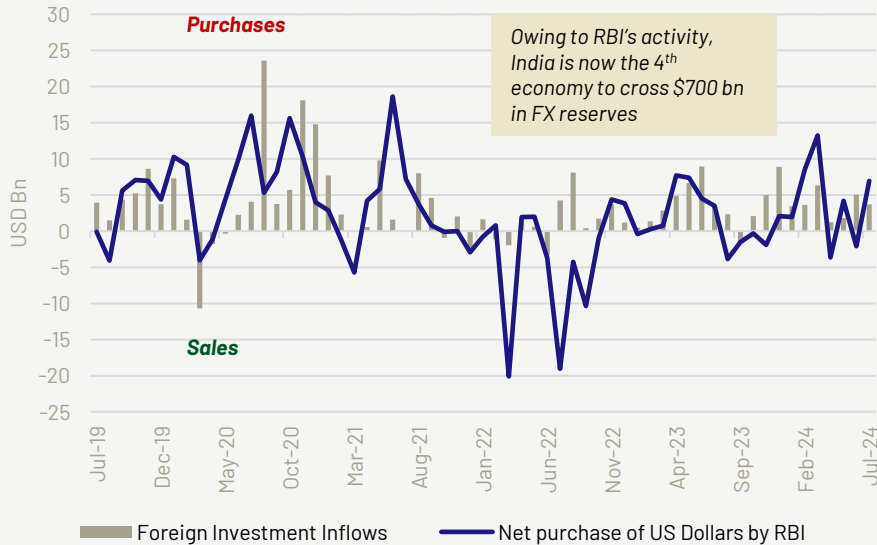
Domestic/US growth & inflation remaining higher, geopolitics

Data to watch

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

FX: All Hail Central Bank, Expect INR To Be Range Bound

INR is expected to remain range bound with a mild depreciative bias. Central Bank will continue to remain active to avoid volatility on either side.



Source: CMIE, Angel One Wealth, Data as on Oct, 2024

Source: CMIE, Angel One Wealth, Data as on Oct, 2024

Our Hypothesis

INR is expected to be range bound with mild depreciation, but no outsized depreciation

Drivers

RBI action, cushion from FX, FII flows as Dollar Index weakens, bond indices inclusion

Risks

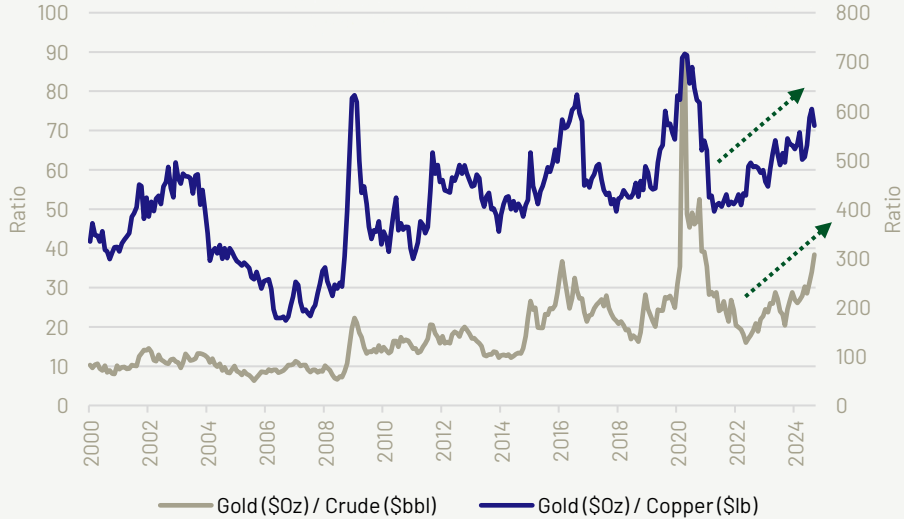
Dollar strength, complete risk off and drying of EM liquidity

Data to watch

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

Commodities: Positive Precious Metals Silver May Have More Space Than Gold

Tilt towards precious metals given high equity valuations + geopolitical friction represents a risk-off scenario



Source: Bloomberg, Angel One Wealth, Data as on Oct, 2024

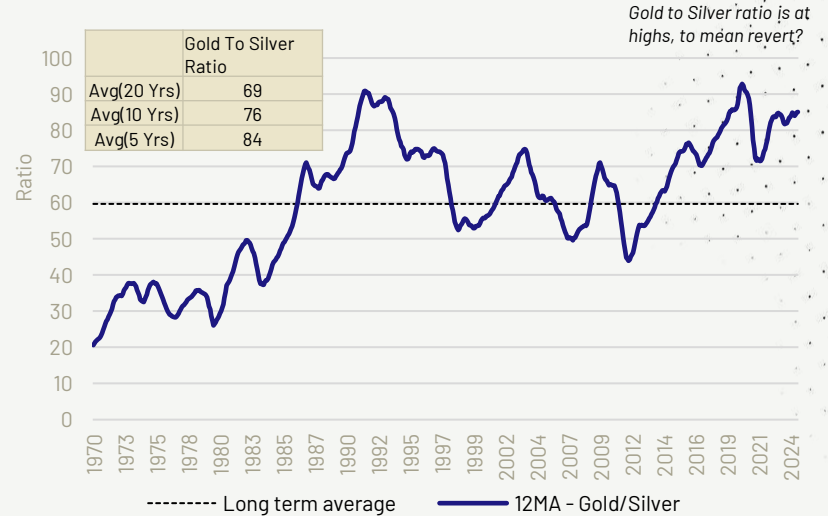
Our Hypothesis

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

Drivers

Chinese demand, weaker dollar, increased risk-off sentiment, geopolitical risk, high equity vals

Incrementally, silver may outperform Gold, as we rule out sharp global recession ahead



Source: Bloomberg, Angel One Wealth, Data as on Oct, 2024

Risks

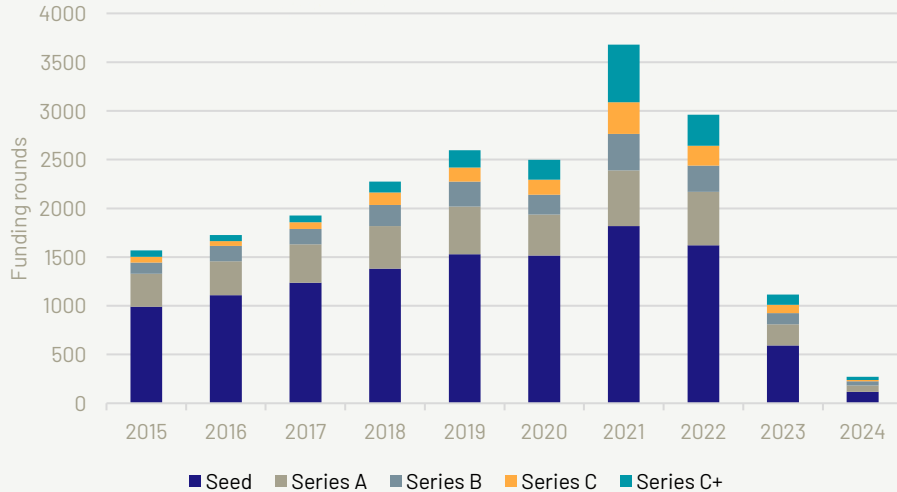
Dollar strength, growth improving for good

Data to watch

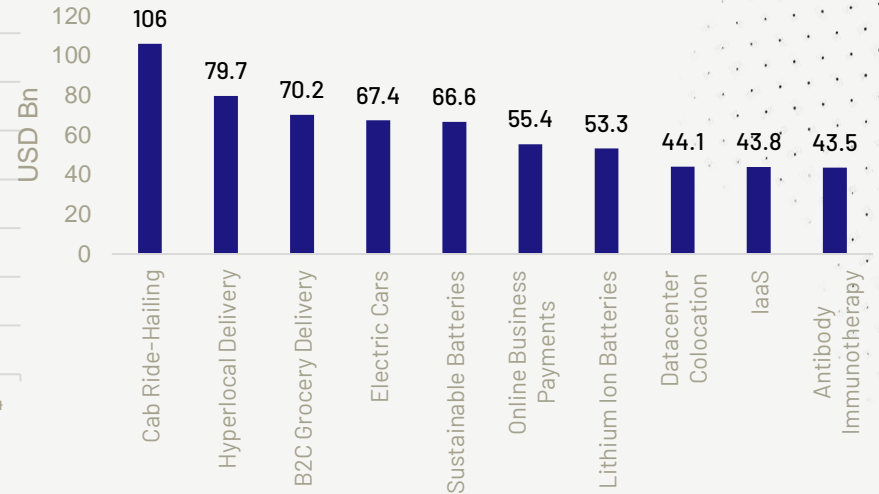
Sentiments, DXY, demand from Chinese central banks for Gold, industrial demand for silver

Unlisted Equities: Seed Stage Has Seen An Increase In Funding Rounds

India's PE market is as big as China but VC market is much smaller, can it change? We see number of seed round picking pace



The most trending sectors in India are led by Cab-hailing, delivery and B2C grocery



Source: TracXn, AngelOne Wealth. Data as on Oct, 2024

Source: TracXn, AngelOne Wealth. Data as on Oct, 2024

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

Please contact us for more details at hello@aowealth.in

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