



# Asset X: Investment Strategy

October 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: Remain at neutral allocation

At 22100 levels, we completed deployment to neutral equity allocation in Mar-25. We then had proposed to stagger our equity allocation at 33% for next 3 months since Apr-25. Currently, we prefer to deploy 75% of the corpus upfront, and stagger ~25% through the pull backs, **given higher volatility due to lingering trade tensions**. Large cap deployment can happen before SMIDs. We have no market cap/sector bias at the current juncture. **We favour active managers and have moderate expectations from the market.** *(Views are subject to trade situation as known today, a deal can mean quick change in macros)*

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

Global markets have risen in the past month, and earnings have been rather promising, building a pool for global assets in current times will make sense. We believe deployment in basket of US, EU and China could be ideal. Countries like Korea can also be invested in with LRS pool. Well diversified foreign equity can be ~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.

## Precious metals will continue to offer hedge against equity volatility, inflationary expectations, geopolitics, etc.

Silver may likely outperform Gold, albeit with higher volatility. Staggering could be a better approach at current levels, if a sharp pullback is seen- lumpsum deployment could be made.

## Unlisted Equity looks favorable

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

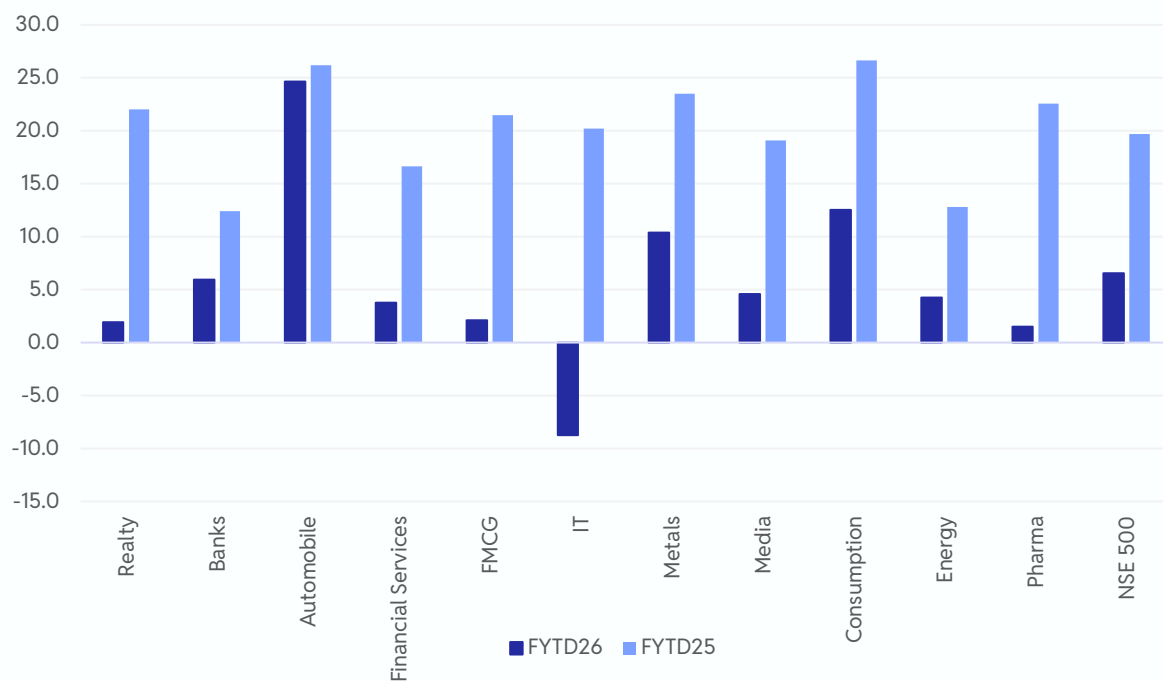
## Commercial RE is improving

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



# India Equity: 75% now, stagger 25% through pullbacks, ‘buy on dips’ market, active managers will have more opportunity, trade deal talks to influence market activity

The domestic market has been correcting this year, with all sectors witnessing lower returns compared to last year. IT has been worst hit– due to sluggish global tech demand, weak earnings, H1B visa fees, continued FII outflows



Source: Bloomberg, Ionic Wealth,. Data available as of September 2025 | NSE Sectoral Indices

### Our Hypothesis

Markets fate is now subjected to trade deals and sustained recovery in domestic demand. We prefer 75% deployment now and saving 25% for attractive levels on pullbacks, given volatility is high

### Drivers

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

HFI's showing mixed signals, *expansionary fiscal and monetary policy is likely a sliver lining*

	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Aug-25	Aug-24
							12M Rolling Avg	12M Rolling Avg
Passenger cars sales YoY%	-4.3	-5.9	-5.8	-10.7	1.9	1.3	↑ -5.0	↓ -12.2
Two wheelers Sales YoY%	11.4	-11.8	5.4	2.3	13.3	10.5	↓ 5.9	↑ 18.1
Tractor Sales YoY%	21.6	7.0	8.4	10.2	7.1	24.6	↑ 13.1	↓ -8.6
Eight Core Industry YoY%	4.5	1.0	1.2	2.2	3.7	6.3	↓ 3.7	↑ 6.4
IIP YoY%	3.9	2.6	1.9	1.5	4.3	4.0	↓ 3.5	↑ 5.1
Bank Credit YoY%	11.0	10.3	9.0	9.5	10.0	10.0	↓ 10.8	↑ 18.8
Personal Loans YoY%	11.7	11.9	11.1	12.1	11.9	11.8	↓ 12.1	↑ 25.9
Credit to Industry YoY%	7.7	6.6	4.8	5.5	6.0	6.5	↓ 7.0	↑ 8.0
Credit to Services YoY%	12.4	10.5	8.7	9.0	10.6	10.6	↓ 11.4	↑ 21.8
Deposit Growth YoY%	10.3	10.2	9.9	10.1	10.2	10.2	↓ 10.5	↑ 12.8
Credit-Deposit Ratio YoY%	80.8	79.8	78.9	78.9	78.9	80.8	↑ 79.8	↓ 79.4
Systemic Liquidity (Rs. Bn)	1264.5	1157.7	2589.0	3251.9	3264.1	2639.8	↑ 1226.7	↓ -57.9
Policy Repo Rate YoY%	6.3	6.0	6.0	5.5	5.5	5.5	↓ 6.1	↑ 6.5
Govt. Capital Expenditure (Rs. Tn)	2.4	1.6	0.6	0.5	0.7	0.8	↑ 1.0	↓ 0.7

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

### Risks

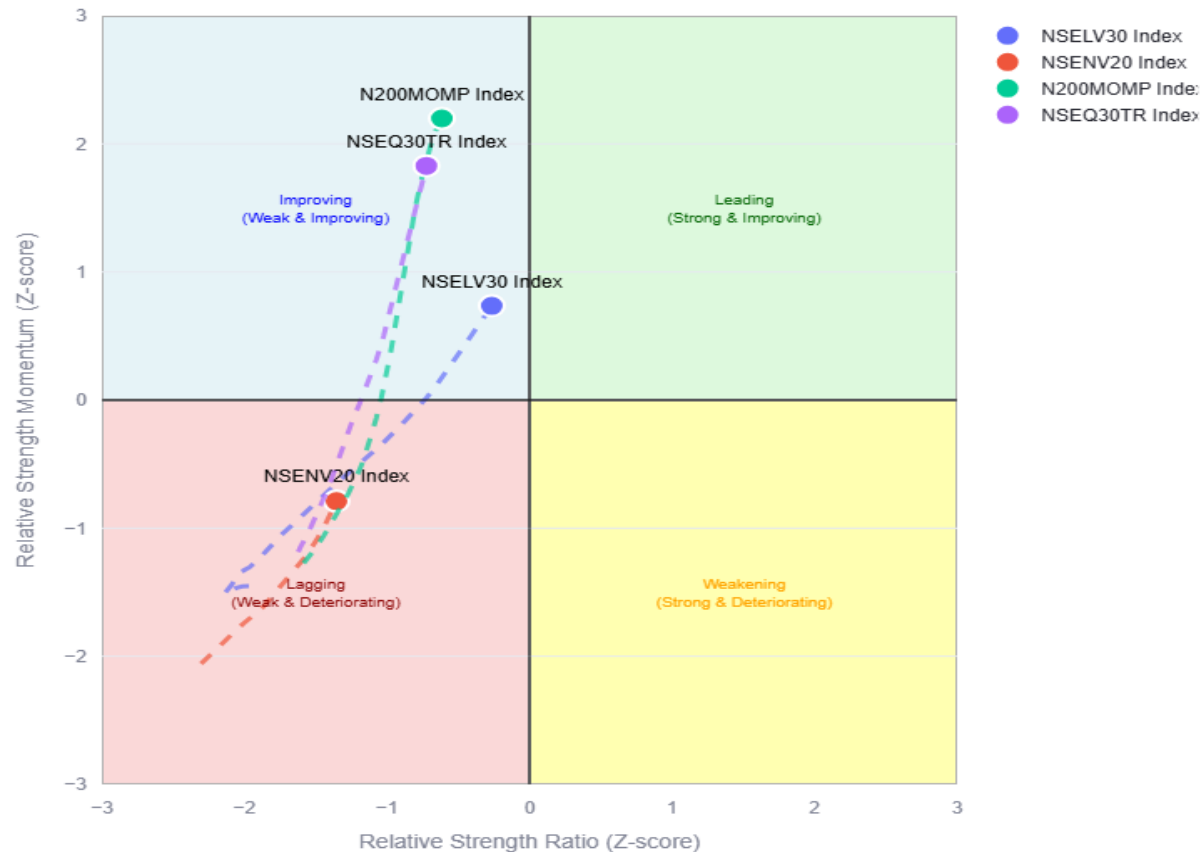
India macro weakening further, no signs of earnings revival, delayed rate cuts

### Data to watch

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

# Factors- Weakness All Around, but a rebound in Momentum

## 6 Month Relative Strength and Relative Momentum



Factor	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Low Volatility	-1.47%	-1.42%	6.13%	-8.00%	16.03%	16.84%	12.73%
Momentum	0.84%	-6.18%	6.10%	-21.59%	16.50%	19.97%	16.57%
Quality	-0.31%	-1.93%	6.39%	-11.96%	13.35%	15.50%	10.37%
Value	-0.08%	-3.95%	-0.20%	-14.46%	13.70%	17.51%	13.56%
Nifty 50	0.85%	-3.91%	4.74%	-5.90%	13.57%	17.03%	12.13%

## Interpretation

- **Recent Outperformance:** Table and RRG shows relative momentum improving in **Momentum**
- Momentum only factor with higher relative momentum to Nifty 50
- Short Term (3 Month) favors: Momentum and Quality Factor
- **Our View:** deployment should start in Momentum factors and should complete in a 3-month period

## Risks

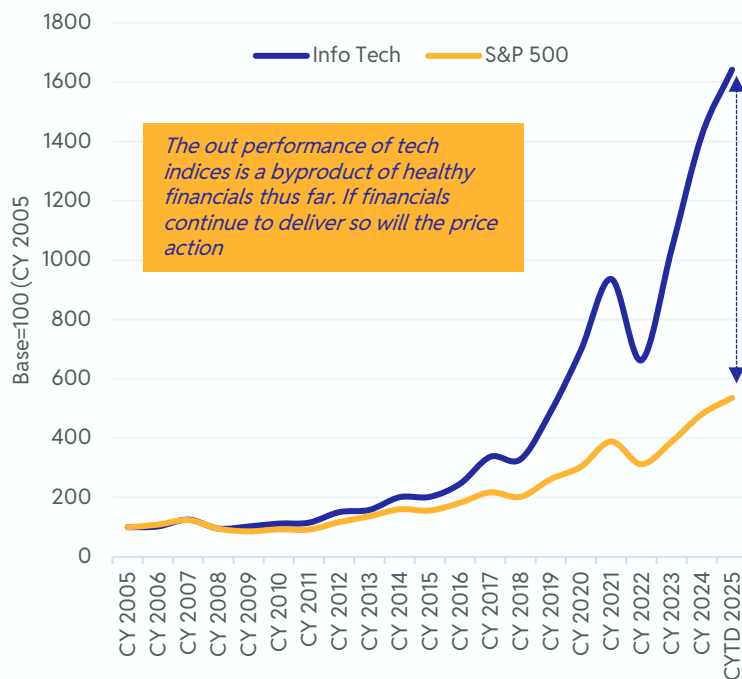
- Intermittent and immediate weakness can be seen in momentum factor; but should be used for deployment

## What it explains?

- Relative performance of each factor to Nifty 50 (x-axis)
- Momentum of change in relative performance (y-axis)

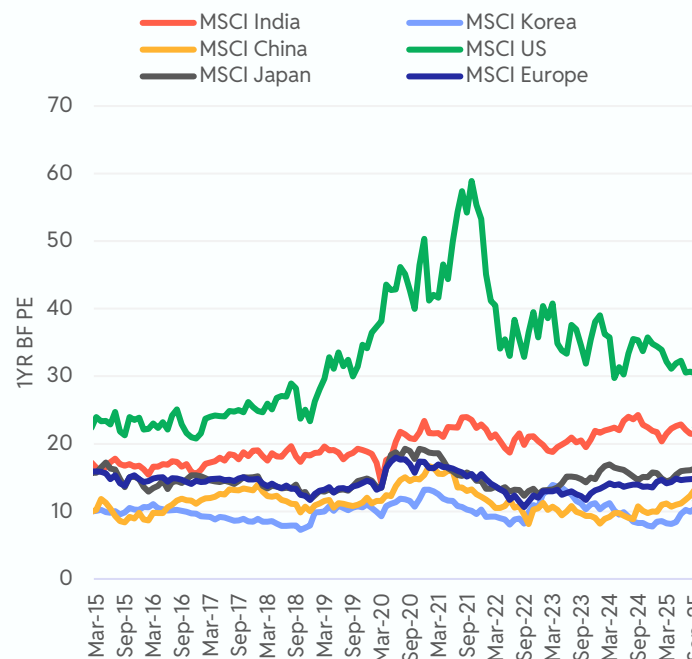
# Global Equities: Favourable Opportunities, Diversify Across Geographies

US AI stock rally backed by fundamentals so far, earnings remain crucial



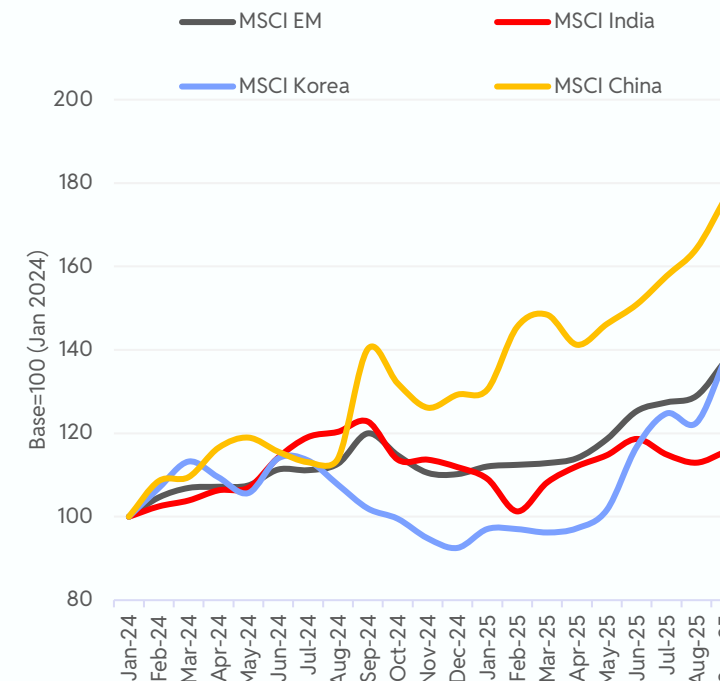
Source: Bloomberg, Ionic Wealth, Data available as of September 2025

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



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

Emerging Markets ex India revival has been strong off-late as FIIs preferred valuation comfort



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

## Our Hypothesis

Stagger and diversify across global economies. Pockets of opportunities within US along with relatively modest valued markets like Europe, China and Korea

## Drivers

Strong fundamentals of US tech stocks, reasonable valuations ex US & India, 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

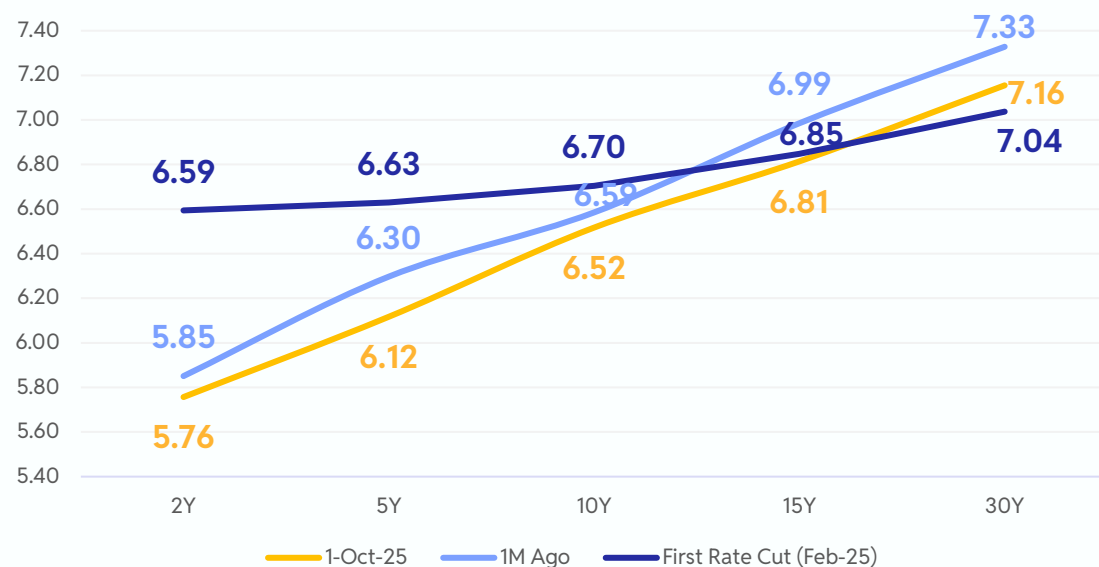
## Data to watch

Monetary and fiscal policy of China, US's rate actions, retaliatory measures of rest of the world on US, DXY, real yields, 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**. *Longer end of the curve* may need a fresh trigger

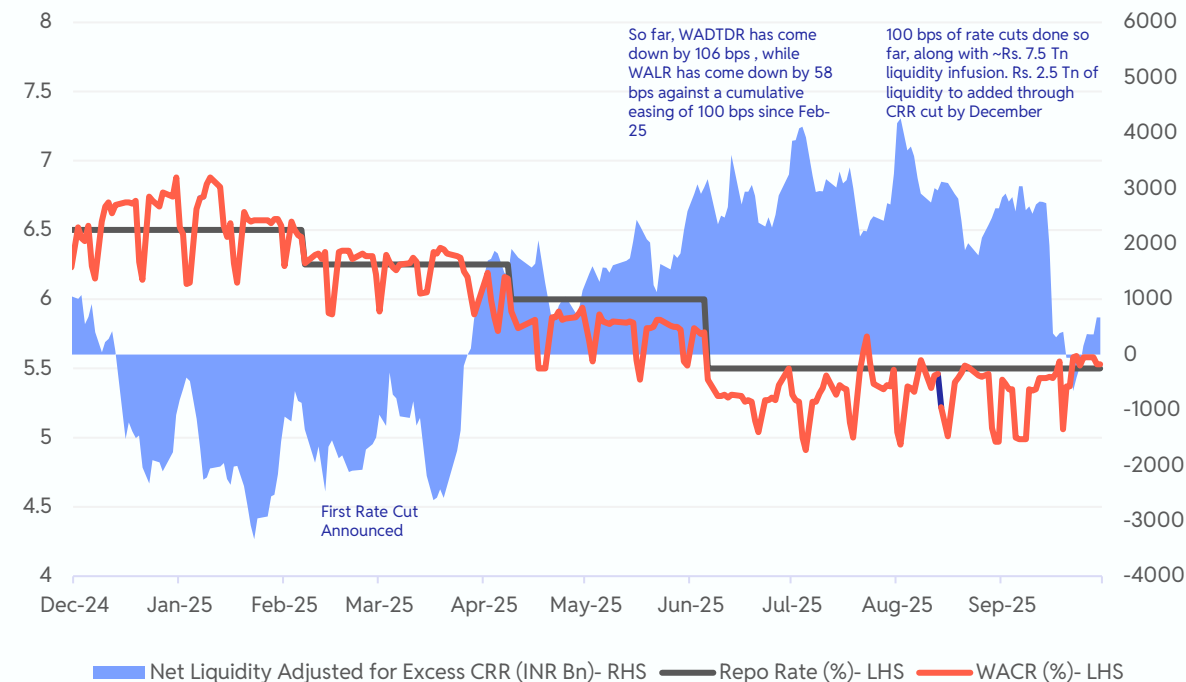
Yields moved marginally lower in response to easing concerns over fiscal impact of GST reforms announcement and dovish than expected forward guidance by RBI in October policy. Going forward, continued monetary policy easing both in India and US and healthy demand from institutional investors could likely lead to yield softening



Source: Bloomberg, Ionic Wealth, Data available as of October 1, 2025

Systemic liquidity broadly remains in surplus— barring a quarterly decline due to advance tax outflows

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



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

### Our Hypothesis

Short-term volatility expected. Longer duration will need a fresh trigger. Higher allocation in 3-5Y papers ideal in the interim.

### Drivers

Short to medium end of the curve to be supported due to continued rate cuts and surplus liquidity. Longer end might be stressed due to probable fiscal strain and elevated US yields.

### Risks

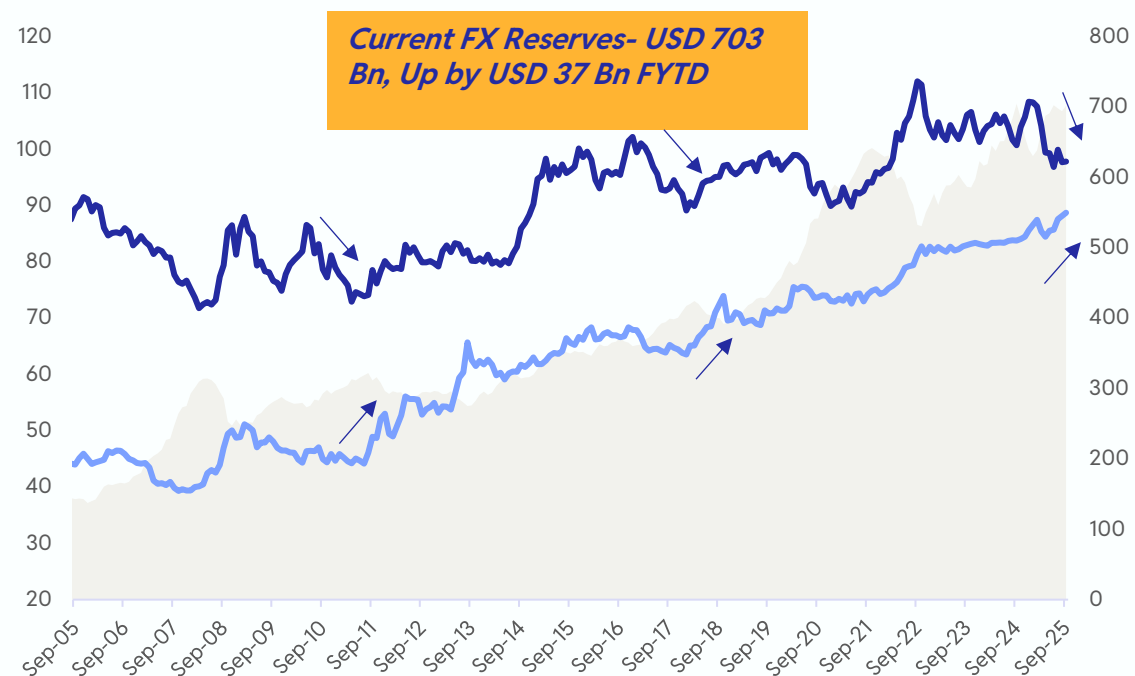
Domestic/US growth & inflation remaining higher, geopolitics uncertainty, weak currency and delayed rate cuts

### 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



Source: Bloomberg, Ionic Wealth, Data available as of September, 2025  
India FX Reserves (USD Bn)- RHS    DXY- LHS    USD/INR- LHS

...this time around too INR has weakened alongside DXY weakness, *in fact it is the only major currency to have depreciated CYTD*

	USD/CNY	USD/INR	USD/KRW	USD/JPY	EUR/USD	GBP/USD	DXY
1M	0.28%	-0.81%	-0.97%	0.48%	0.81%	0.13%	-0.50%
3M	0.67%	-4.05%	-2.80%	-1.70%	-0.01%	-1.42%	0.49%
6M	2.19%	-3.91%	3.33%	-0.91%	6.37%	2.76%	-4.33%
1Y	-1.48%	-5.73%	-6.04%	-0.31%	6.57%	2.57%	-4.25%
<b>CYTD</b>	<b>2.42%</b>	<b>-3.66%</b>	<b>4.69%</b>	<b>6.26%</b>	<b>13.52%</b>	<b>7.54%</b>	<b>-9.99%</b>
3Y	-0.09%	-9.13%	1.98%	-1.83%	19.93%	20.51%	-12.90%

Source: Bloomberg, Ionic Wealth, Data available as of September 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

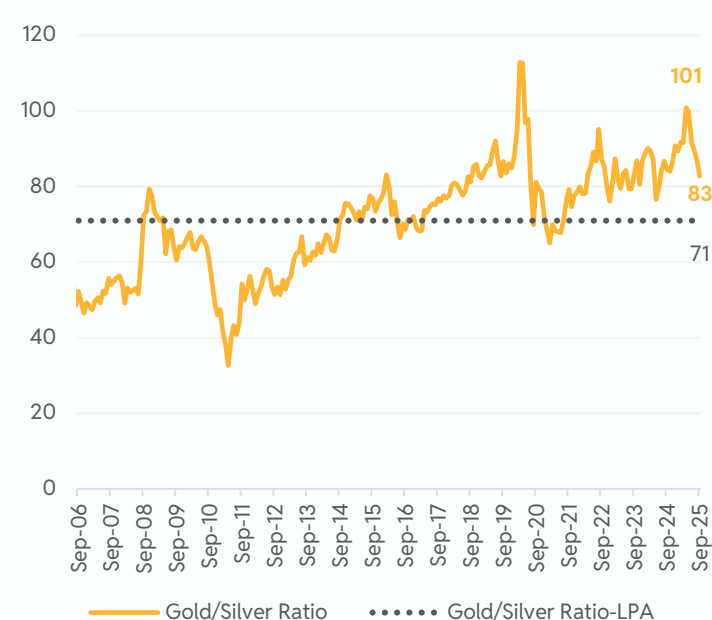
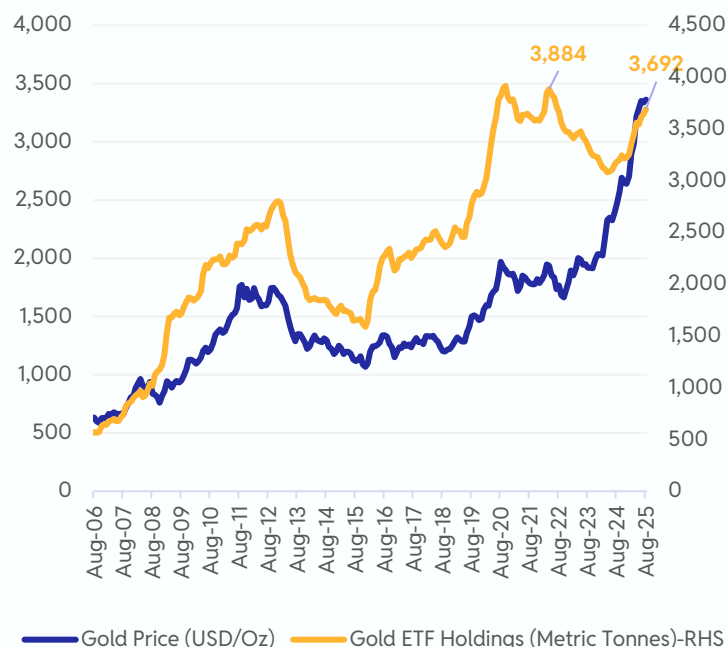
USD strength, complete risk off and drying of EM liquidity

### Data to watch

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

# Commodities: Still Positive on Precious Metals; Gold & Silver Offer Opportunistic Plays But Stagger Hereon

The global market volatility, trade uncertainty and geo-political tensions, have kept gold as a preferred asset class for investors as well as the global central banks. Also, silver has regained investor interest in the recent months amid global macroeconomic uncertainty along with positive outlook for silver due to strong demand from the industrial sector. Gold/Silver ratio remains higher than the long-period average, highlighting the value appeal of silver.



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

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

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

## Our Hypothesis

Precious metals may have more upside left, Silver could possibly benefit more than Gold in the longer term

## Drivers

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

## Risks

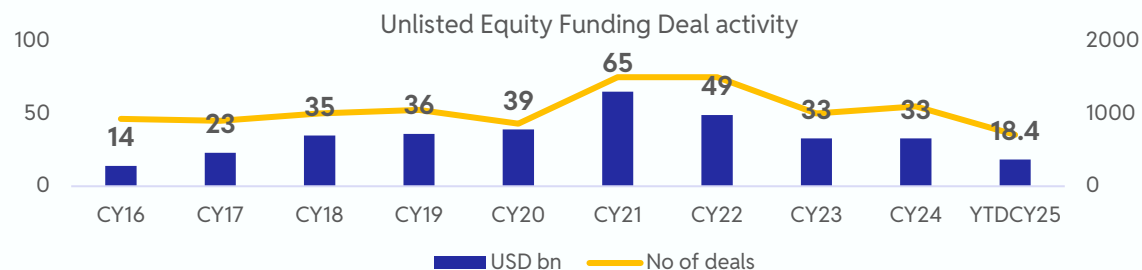
USD strength, growth improving for good without inflation

## Data to watch

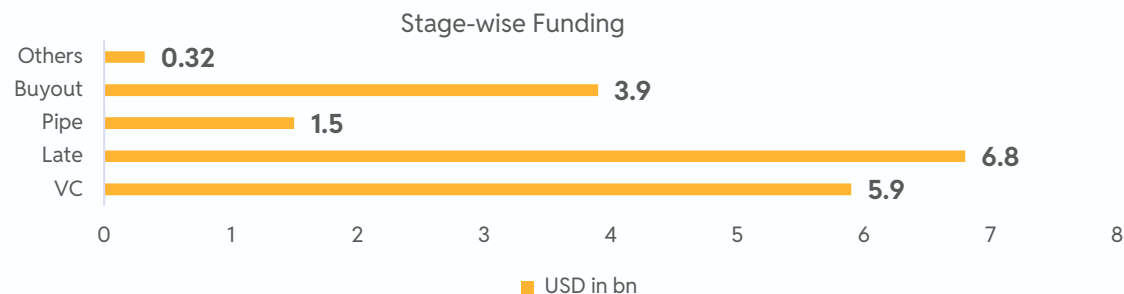
Sentiments, DXY, demand from China and other central banks for Gold, industrial demand for silver

# Unlisted Equities: Strong Fundraising, Strategic Exits Drive Market Dynamics

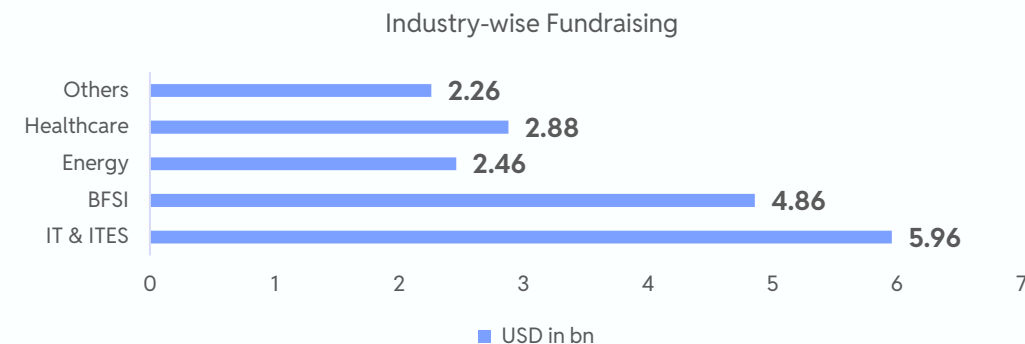
Unlisted equity deal activity stayed subdued in August 2025 as investors maintained a cautious stance amid valuation mismatches and global macro uncertainty. PE Investor preference for smaller ticket sizes and selective bets on scalable models. With dry powder levels still elevated, cautious optimism points to a rebound in deal momentum by end of CY25, contingent on valuation resets and global sentiment.



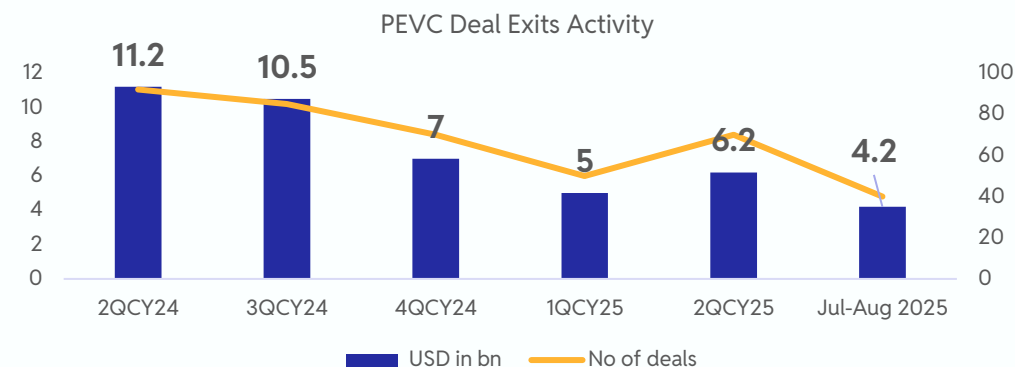
Late-stage and buyout activity remained soft, with most capital concentrated in technology-driven growth plays, particularly IT & SaaS.



IT & ITES, BFSI, Energy transition, continued to attract investor flows, while consumer discretionary, healthcare, and retail lagged.



Strategic exits and secondary sales dominated liquidity events, but IPO pipeline for the coming months looks robust—signaling renewed optimism but with continued emphasis on quality and governance.



Source: IVCA, Ionic Wealth, Data available as on Aug ,2025

Source: IVCA, Ionic Wealth, Data available as on Aug ,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

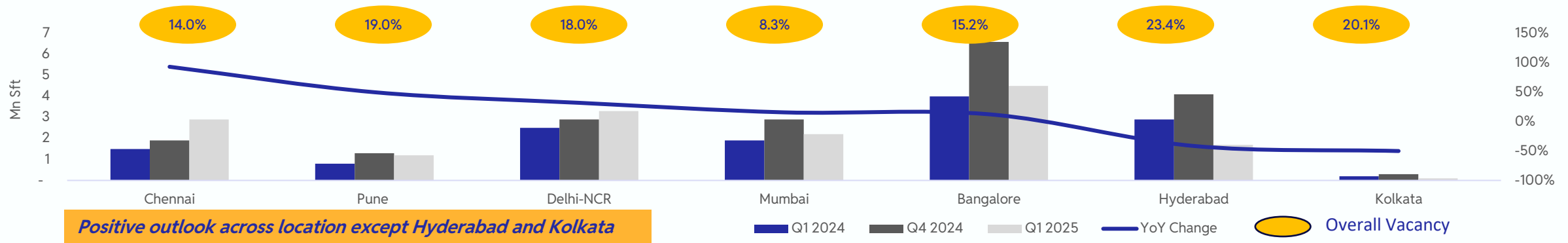
Delayed exit opportunities, inflated valuations, and governance lapses

## Data to watch

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

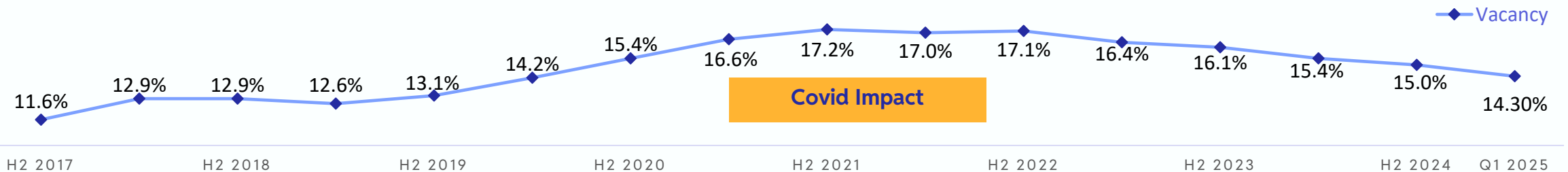
# Real Estate: Commercial Real Estate – Scaling New Peaks

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](mailto:hello@ionic.in)

#### Disclaimer

This presentation note has been prepared by Angel One Investment Services Private Limited (“Ionic Wealth”), a private limited company incorporated under the Companies Act, 2013, being an AMFI-registered Mutual Fund Distributor (ARN 306165) and a SEBI registered Research Analyst (INH000020305) and may undergo change in the future.

This presentation is intended for informational purposes only and does not constitute an offer or solicitation for investing in any products distributed by or services made available by Ionic Wealth or any of its affiliates or group entities. Any information contained in this presentation shall not be treated or construed as an investment advice or a recommendation. The recipient is advised to conduct its own due diligence and consult with its legal, tax and financial advisors before making any investment decisions. The recipient is requested to note that past performances is not indicative of future results.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document’s accuracy, sufficiency, completeness or reliability. Ionic Wealth is under no obligation to update or keep current the information contained herein.

All pictures or images (“images”) herein are for illustrative, informative or documentary purposes only, in support of subject analysis and research. Images may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights.

To the extent this presentation contains statements about future performance, such statements are forward looking and subject to a number of risks and uncertainties. Predictions, forecasts, projections and other outcomes described or implied in forward-looking statements may not be achieved. To the extent this presentation contains statements about past performance, simulations and forecasts are not a reliable indication or future performance. Any information obtained from the public domain herein is based on sources believed to be reliable and accurate at the time of preparation.

Actual results may differ materially from those suggested in this note due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, inflation, etc. There is no assurance or guarantee that the objectives of the products mentioned will be achieved.

Investment decisions based on this note may not be always profitable, as actual market movements may differ from anticipated trends. No guaranteed returns are offered to the investors. This note may contain forward -looking statements, identified by terms such as “will”, “expect”, “should” and similar expressions. All forward-looking statements involve risk and uncertainty, they speak only as of the date they are made.

All trademarks and logos are the property of their respective owners. This presentation is confidential and is intended solely for the recipient. Unauthorized distribution, reproduction, or other use of the information contained herein is strictly prohibited.

Ionic Wealth and its affiliates disclaim any liability for actions taken based on the information provided in this presentation.