



Asset X: Investment Strategy

September 5, 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 then had proposed to stagger our equity allocation at 33% for next 3 months since Apr-25. Now, we prefer to deploy 75% of the corpus upfront, with ~25% dry powder for pull back. 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

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 will 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 70:30 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

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

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

Silver may likely outperform Gold, albeit with higher volatility.

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

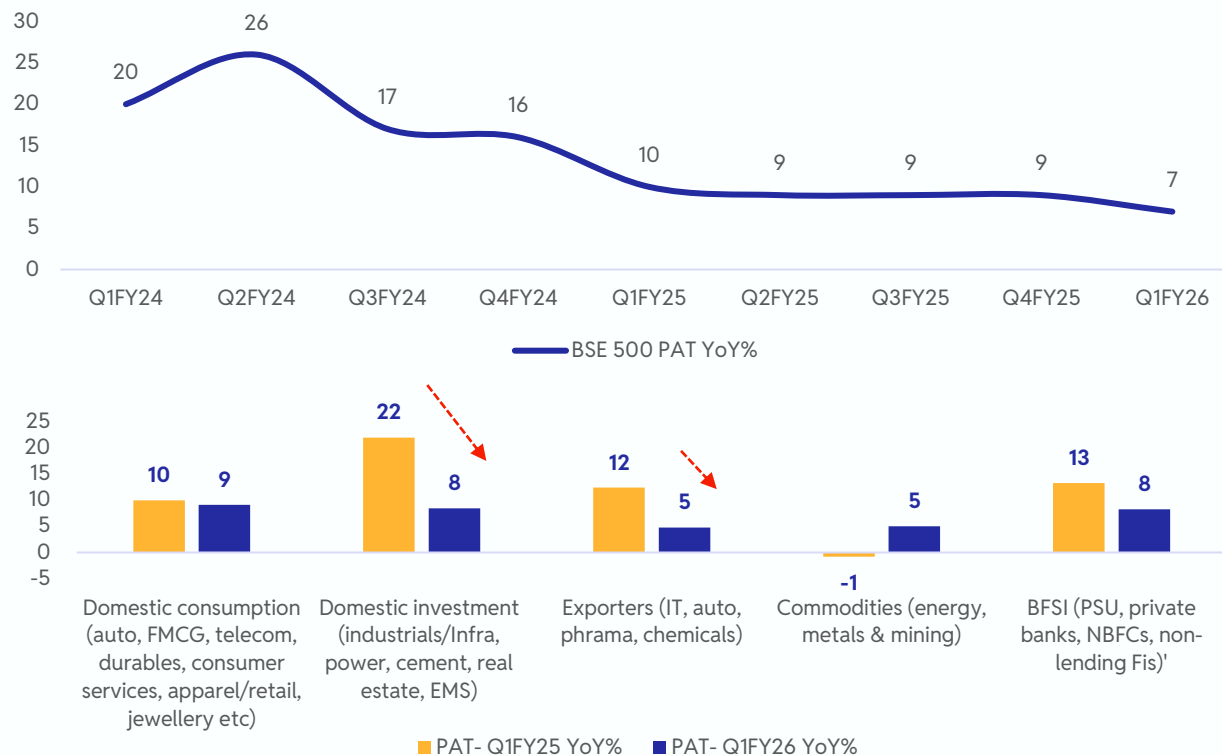
Commercial RE is improving

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



India Equity: 75% now, 25% on pullbacks in volatility, 'buy on dips' market, active managers will have more opportunity, policy action will be needed to revive the bull spirits, FIIs awaited

Earnings of Corporate India moderate further in Q1 FY26, led by domestic investment and exporters



Source: Nuvama Institutional Equities, Ionic Wealth, Motilal Oswal. Data available as of August 2025

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, strength of USD

GST Reforms- Likely Positive for Consumption Demand

Simplification of India's GST regime involves collapsing the earlier 4-tier structure into 2-tier plus a sin tax. This could lead to a revival in GDP along with easing of CPI inflation

Earlier 4 slabs
5%, 12%, 18%, 28%

New System
Primary - 5%, 18%
Sin Tax - 40%

 12% -> 5% Items like dairy, packaged foods, hair oil, moving to lower slab	 28% -> 18% Autos, consumer durables, cement getting significant relief	 40% Sin Tax - Tobacco, pan masala, aerated drinks online gaming remain heavily taxed
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 **0.6% GDP Stimulus**

 **50-60 bps CPI Reduction**

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

Risks
India macro weakening further, no signs of earnings revival

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	1.31%	3.02%	13.29%	-2.02%	15.06%	17.64%	12.75%
Momentum	-1.95%	-2.85%	10.30%	-20.12%	15.16%	20.51%	16.27%
Quality	1.36%	0.56%	11.62%	-8.56%	12.20%	15.89%	10.16%
Value	-0.22%	-2.20%	3.90%	-12.95%	12.02%	17.67%	13.36%
<i>Nifty 50</i>	<i>-1.38%</i>	<i>-1.31%</i>	<i>10.43%</i>	<i>-3.21%</i>	<i>11.21%</i>	<i>16.49%</i>	<i>11.85%</i>

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

What it explains?

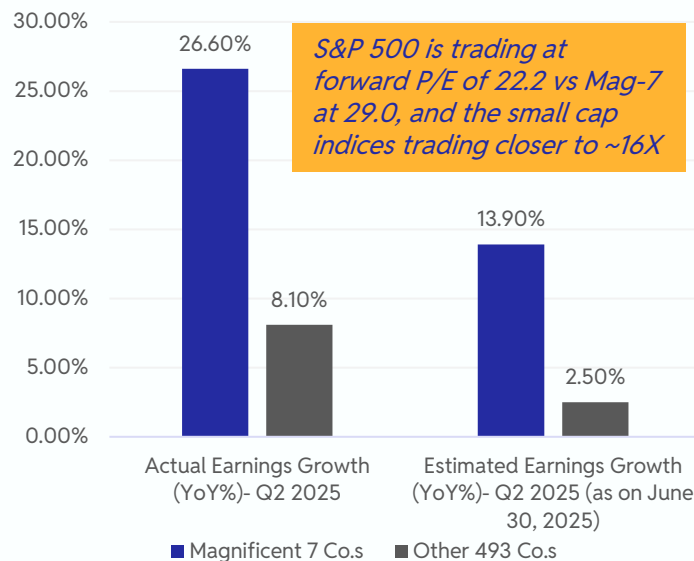
- Relative performance of each factor to Nifty 50 (x-axis)
- Momentum of change in relative performance (y-axis)

Risks

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

Global Equities: Favourable Opportunities, Diversify Across Geographies

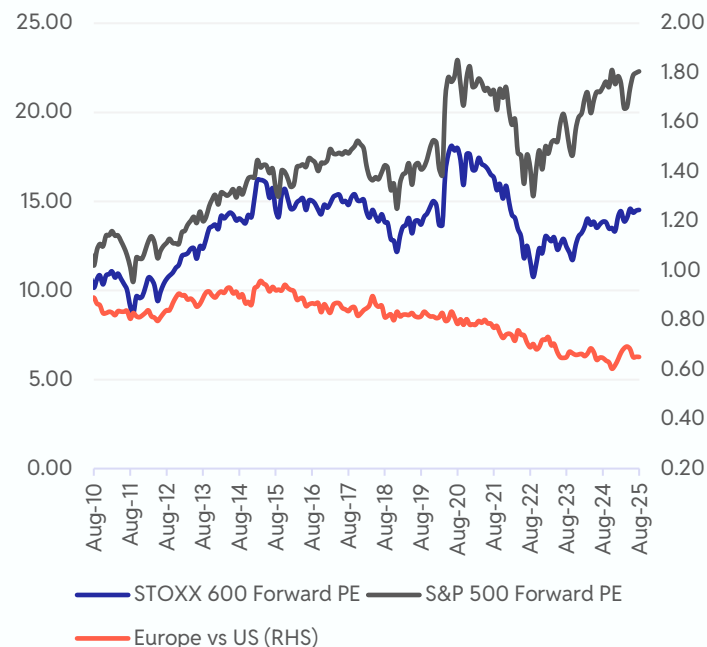
S&P 500 reported higher than estimated earnings growth led by the **'Magnificent 7'**, reinforcing the upward movement in US indices *but the valuation has been unkind off-late*



S&P 500- Resilient Earnings Growth

Source: FactSet, Ionic Wealth, Data available as of August 2025

..Europe's lower forward valuations amidst rising earnings suggests potential undervaluation and room for multiple expansion.



Europe Forward Valuations Offer Opportunities

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

China's stock indices see strong upward trend, amid a liquidity surge. A consistent decline in household deposits (currently ~USD 23 Tn) could support the market momentum, apart from policy stimulus



China Stocks Rally

Source: Bloomberg, Ionic Wealth, Data available as of August 2025.
 Values Normalized as of May 28, 2025

Our Hypothesis

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

Drivers

Reasonable EM ex India valuations, uptick in data, tariffs, tech unleash, Chinese stimulus and consistent decline in household savings to revive China's economy

Risks

Stagnant/falling global growth, continued policy uncertainty under Mr. Trump's administration, delayed rate cuts in the US

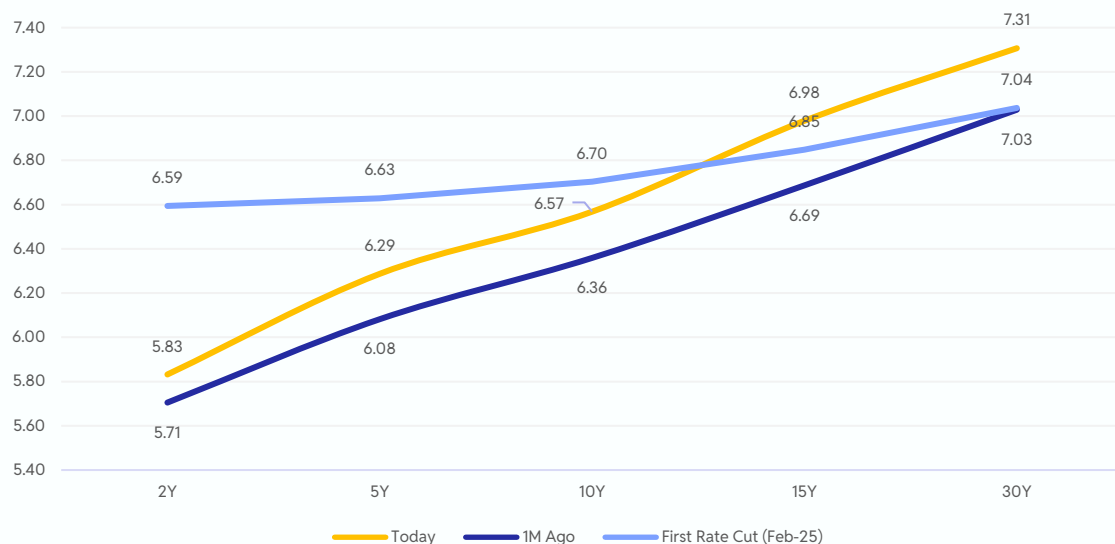
Data to watch

China's 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 **70% allocation in the 3-5 years duration and 30% in the longer (ideally ~30Y) duration**. *Within long duration, we prefer instruments higher than 30Y on tenor*

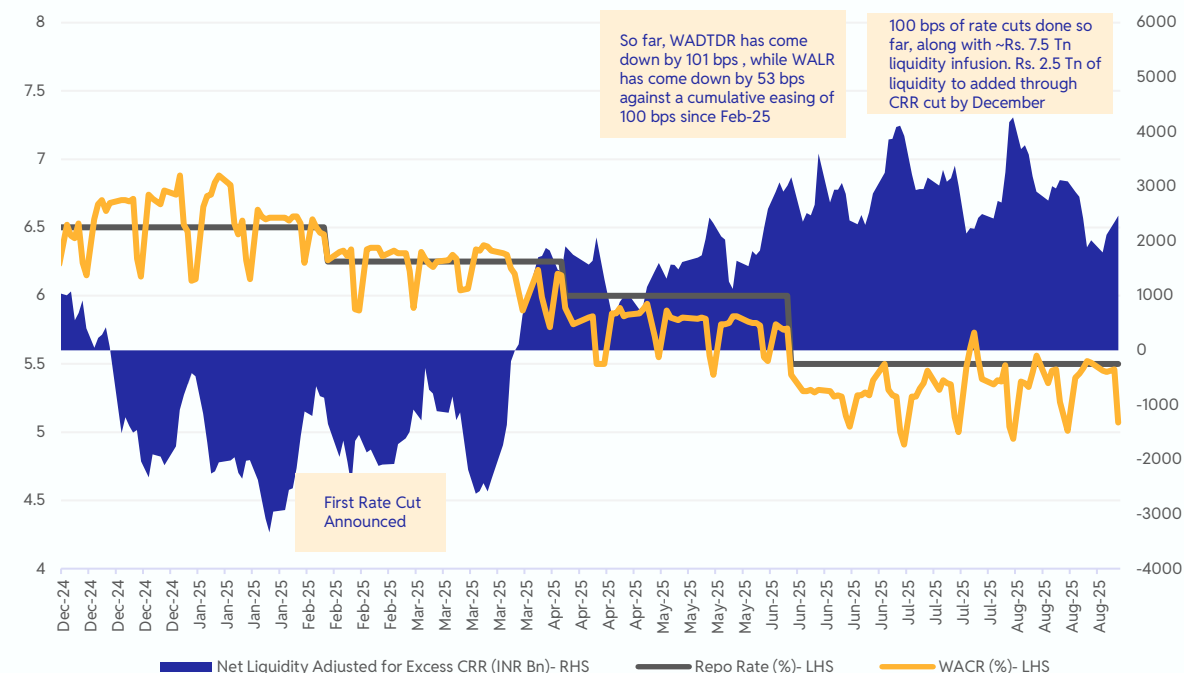
Yields moved higher in August 2025 in response to higher GDP print and GST reform announcement. Going forward, continued monetary policy easing both in India and US and healthy demand from institutional investors could likely lead to yield softening



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

With RBI's efforts to maintain ample liquidity in the system, RBI's operating rate (WACR) has largely remained below the repo rate

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



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

Our Hypothesis

Short-term volatility expected. However, we remain positive about long duration play, especially beyond 10Y papers

Drivers

Increased demand, surplus liquidity, continued India rate cuts, higher spreads

Risks

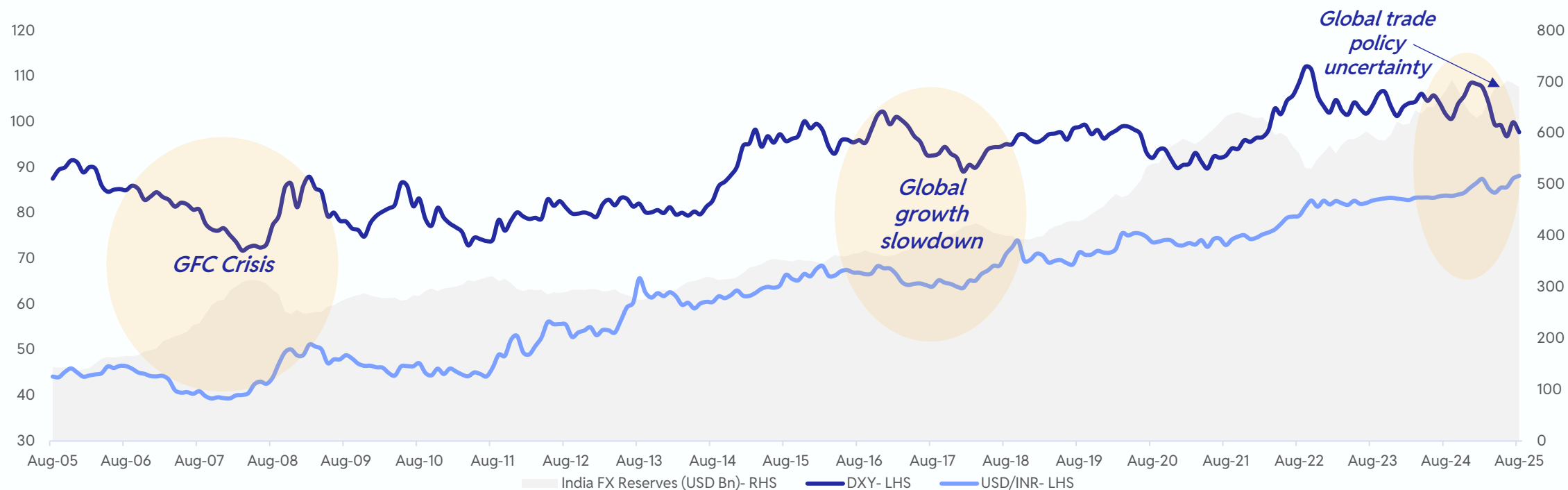
Domestic/US growth & inflation remaining higher, geopolitics uncertainty, weak currency and delayed rate cuts

Data to watch

US FOMC policy, India & US inflation, US labour market data, domestic high frequency indicators, crude oil, more FII inclusions

Currency: INR Driven By Global Factors, Likely Rangebound With A Downward Bias

Currency outlook remains broadly rangebound with a marginal downward bias, driven by global factors such as DXY volatility and US tariff uncertainty. India is an emerging market, a net importing economy, therefore India is likely to target to building reserves even if DXY weakens over substantially appreciating the currency



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

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

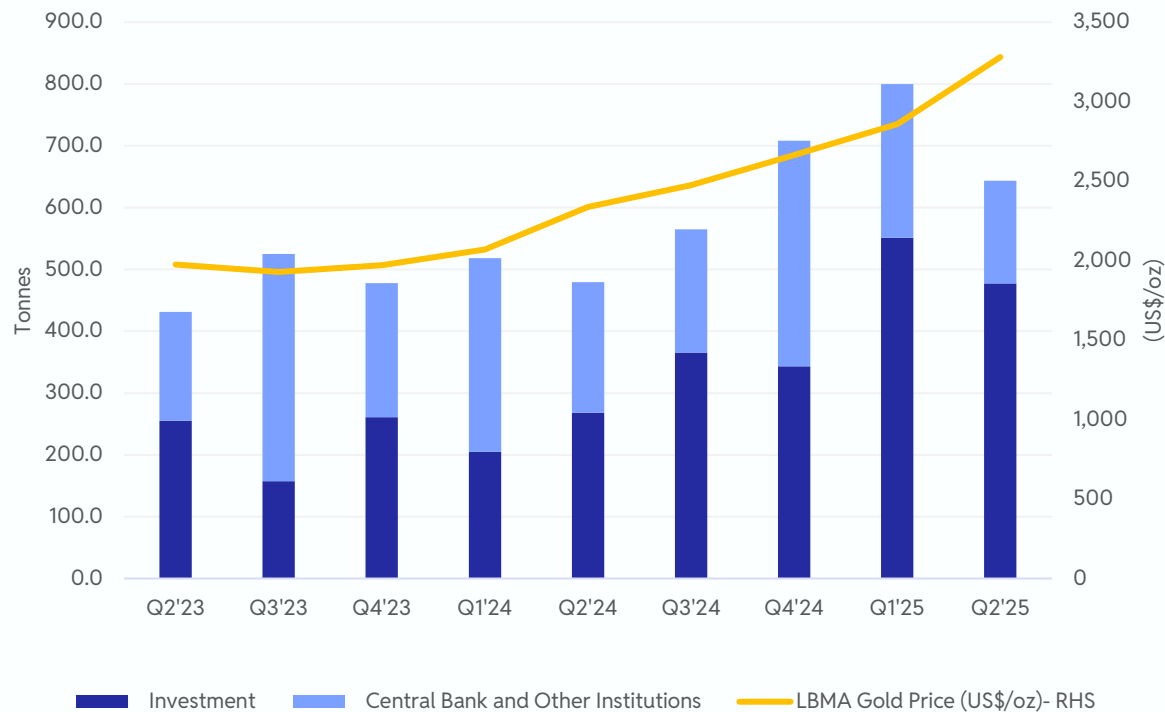
Dollar strength, complete risk off and drying of EM liquidity

Data to watch

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

Commodities: Still Positive Precious Metals, Gold & Silver Look Ripe

The global market volatility, trade uncertainty and geo-political tensions, have kept gold as a preferred asset class even for the Central Banks, thereby driving prices to record highs.



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

The gold-to-silver ratio remains above long-term averages, underscoring silver's relative value appeal. With both metals trending higher, a reversion toward historic norms could favor silver outperformance as cyclical and structural demand drivers strengthen. Silver has demand from industrials, especially clean energy and both tend to move together



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

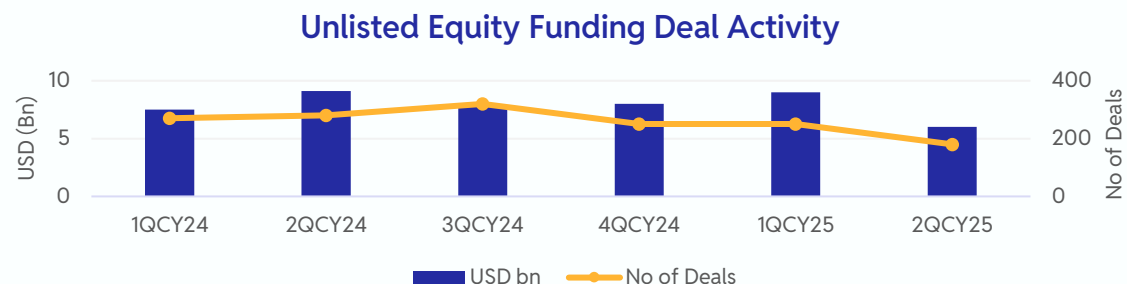
USD strength, growth improving for good without inflation

Data to watch

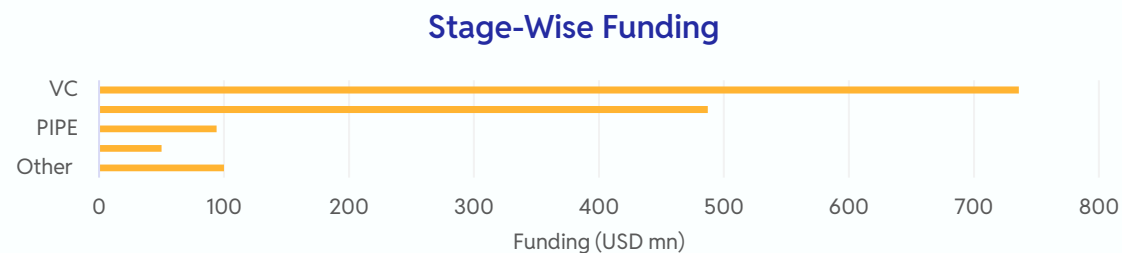
Sentiments, DXY, demand from Chinese and other central banks for Gold, industrial demand for silver

Unlisted Equities: Q2 CY 2025 Trends: Strong Fundraising, Strategic Exits Drive Market Dynamics

Deal activity in India's unlisted space cools sharply in Q2 CY'25, with funding and deal volumes both declining as investors adopt a wait-and-watch approach amid global headwinds and valuation mismatches; cautious optimism prevails for a rebound in H2 CY'25 as liquidity and sentiment improve



VC and late-stage deals dominate India's private funding landscape in H1 CY'25, while buyout and PIPE activity remains subdued—reflecting investor preference for growth & scale amid a cautious macro backdrop



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

Our Hypothesis

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

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

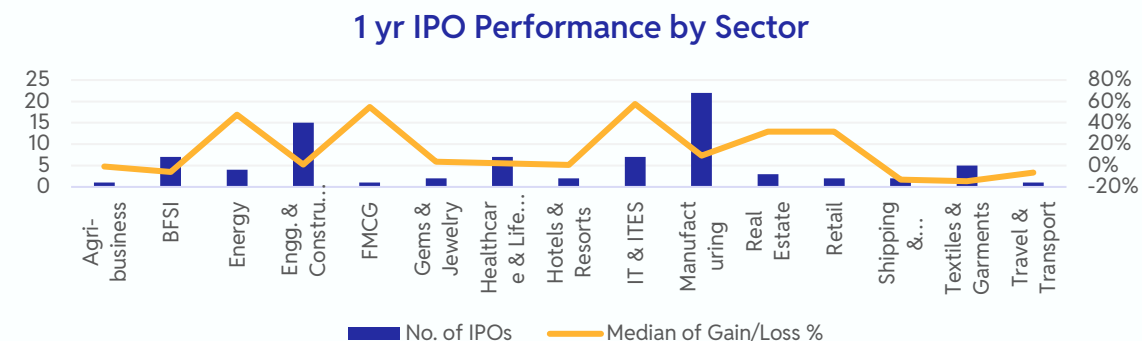
Drivers

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

IT & ITES dominates India's fundraising landscape in H1'CY25, outpacing BFSI & others as investor focus shifts toward technology-driven growth



Sectoral IPO performance diverges: manufacturing & energy lead, while healthcare, retail, & shipping lag in post-listing return



Risks

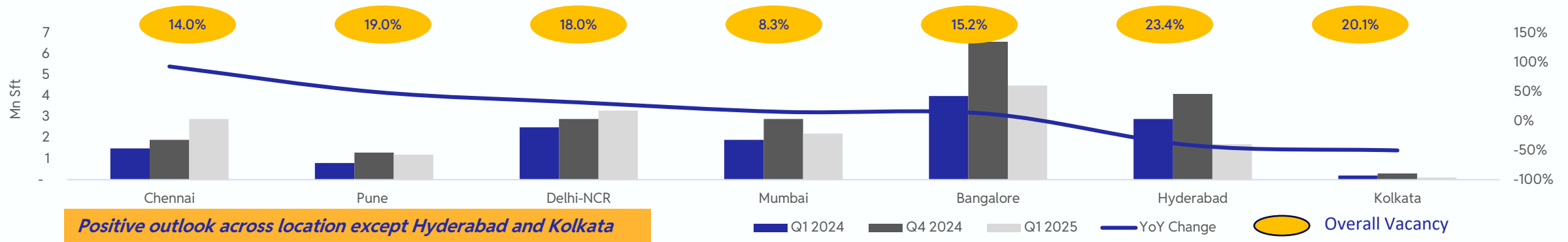
Delayed exit opportunities, inflated valuations, and governance lapses

Data to watch

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

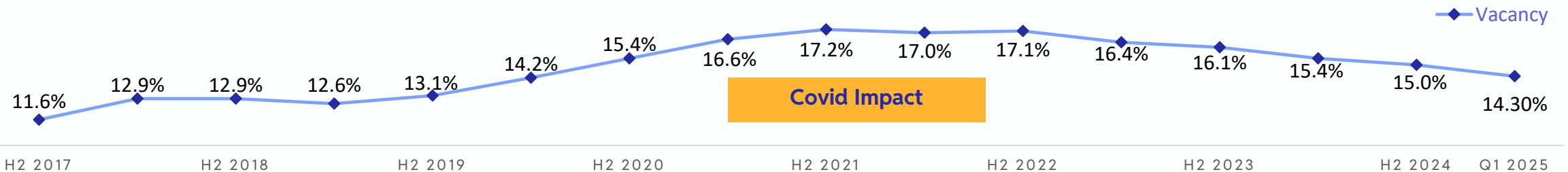
Real Estate: Commercial Real Estate – Scaling New Peaks

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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