

IONIC WEALTH
BY ANGEL ONE

The Investing Pantheon

September 2025



“The Investing Pantheon”, harmonizes timeless wisdom with modern innovation. Just as the ancient Pantheon stands as a sanctuary for all Gods, our Investing Pantheon embraces comprehensive topics in investing, across asset classes and styles.

What Are We Saying?

The US Fed delivered a much-anticipated 25 bps rate cut in September 2025 policy, signalling a more accommodative stance amid slowing growth indicators. Though concerns about upside risks to inflation remain, growth and labour market stability has taken precedence. Fed's expectation of further rate cut of 50 bps through remainder of 2025 may support the market momentum in the US and could also benefit EMs like China, Korea and India to attract foreign flows.

US : Macros Softening, Rate Cut Supports

Some signs of weakness are observed in the labour & housing market data. Wage growth has slowed and so has consumption. So far, earnings have been buoyant, thereby justifying higher valuations in the US. Consecutive two rate cuts in the coming policies may keep the US markets supported.

Europe: Benefitting From Flows

Europe is doing well as it continues to attract flows from DXY weakness + resurgence in the economy supported by fiscal and monetary expansion. Pockets of opportunity exist here.

India: Some Moderation in Growth, Individual Stock Opportunity Exists

India's macros point towards some growth moderation. However, benign inflation gives RBI the space for further monetary easing to support growth. Going forward, domestic demand should also find support through GST rate rationalization. We are of the view that it remains a buy on dips market.

China: Markets Lead Macros

China's markets have led the actual macros, as is always common. Stimulus is turning out to be piecemeal but valuation comfort, revival in earnings and general optimism towards EMs fuelled by DXY weakness have created a strong opportunity in the region.

Korea: The Return Of The Underdog

There's more than one reason as to why we think Korea may do very well in coming few quarters with reasons ranging from change of Government to revival of earnings. Markets will be watching the return of this Asian giant.

FY26 started with all things unfamiliar but now is settling as trade deals are now more or less in place with reasonable tariffs. Earnings season and individual economy's fiscal/monetary policy will likely continue to create opportunities for capital allocators.

Developed Markets

US:

Growth showing signs of slowdown led by moderation in consumer spending and labour market, however continued rate cuts may support the US equities especially the small cap names



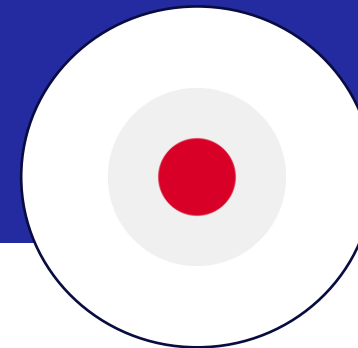
Europe:

In a holding pattern, capex revival, inflation under control, EUR strengthening



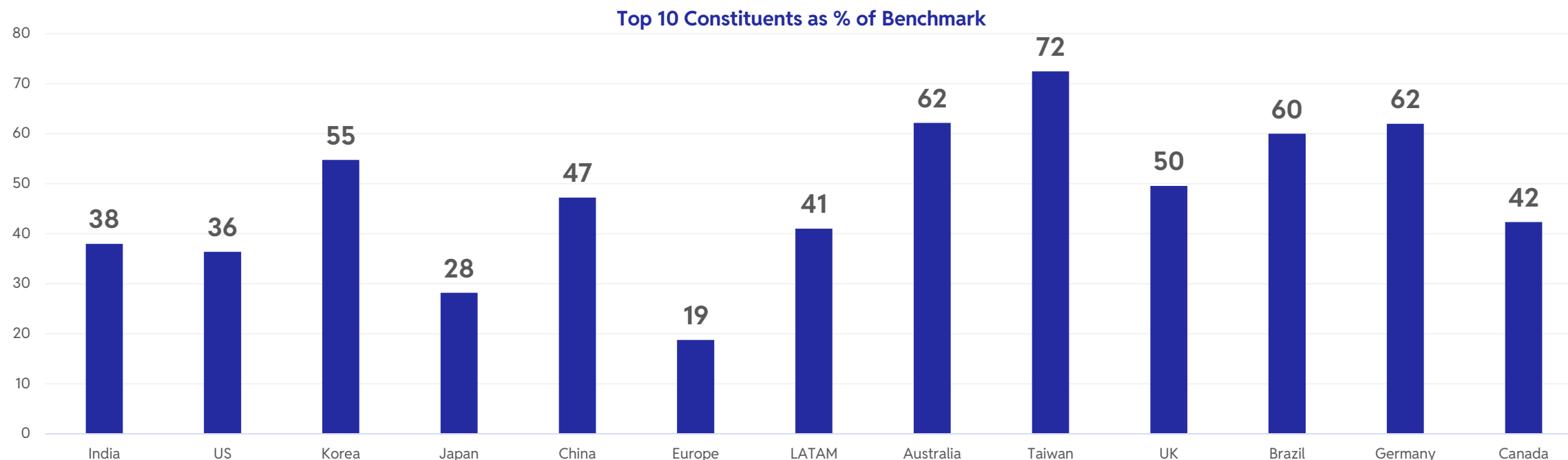
Japan:

Narrowing UST-JGB yield spread, rate hikes to likely continue, JPY strengthening



Benchmark Concentration: A Comparative Global View, It's The Relativity That Matters

Benchmark concentration is not just a US story — while the US top 10 companies make up 36%, markets like Taiwan (72%) and Australia (62%) are far more top-heavy. By contrast, Europe (<20%) and Japan (28%) remain more diversified and trade at lower valuations as well. While concentration in US index over the years has increased and it is at an all time high, concentration in Indian Index has fallen over the years amid higher growth in small and mid-cap companies



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

Globally, concentration levels vary. Taiwan and Australia rely heavily on a handful of stocks, with their top 10 names comprising 60–70% of benchmarks, while the US sits mid-range at ~36%. Europe and Japan stand out as more balanced, with broader sectoral exposure and top 10 weights under 30%, alongside lower P/E multiples versus the US.

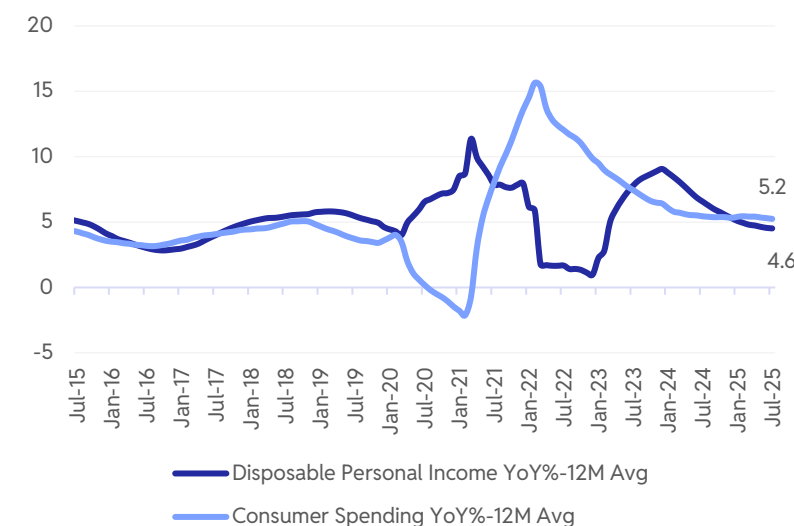
US Economy: Labour Market & Consumer Spending Weakening

Labour market data for the past few months have decelerated considerably

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	12 Months Avg (Sep 24-Aug 25)	Previous 12 Months Avg (Sep 23-Aug 24)
Unemployment Rate (%)	4.0	4.1	4.2	4.2	4.2	4.1	4.2	4.3	4.2	3.9
Non-farm payrolls ('000)	111	102	120	158	19	-13	79	22	122.2	158.2
Government Payrolls ('000)	32	-5	6	25	-50	14	2	-16	11.5	46.8
Private Payrolls ('000)	79	107	114	133	69	-27	77	38	110.7	111.4
No. of unemployed per job opening	0.9	0.9	1	1	0.9	1	1	-	0.9	0.8
JOLTs ('000)	7762	7480	7200	7395	7712	7357	7181	-	7485.8	8180.7
Initial jobless claims (4-week avg- '000)	217.8	226.5	223.0	226.0	235.3	241.3	221.3	231.0	227.0	218.6
Average hourly earnings (YoY%)	3.9	3.9	3.9	3.8	3.8	3.7	3.9	3.7	3.9	4.1

Source: Bloomberg, Ionic Wealth, Data available as of September 2025 | Towards green- Positive for labour market, Towards Red- Negative for labour market | JOLTS- Job Openings and Labor Turnover Survey

... also reflecting in slower growth momentum in income compared to consumption. This essentially means that savings are reducing. While delinquencies are under control for now, the system is likely precarious

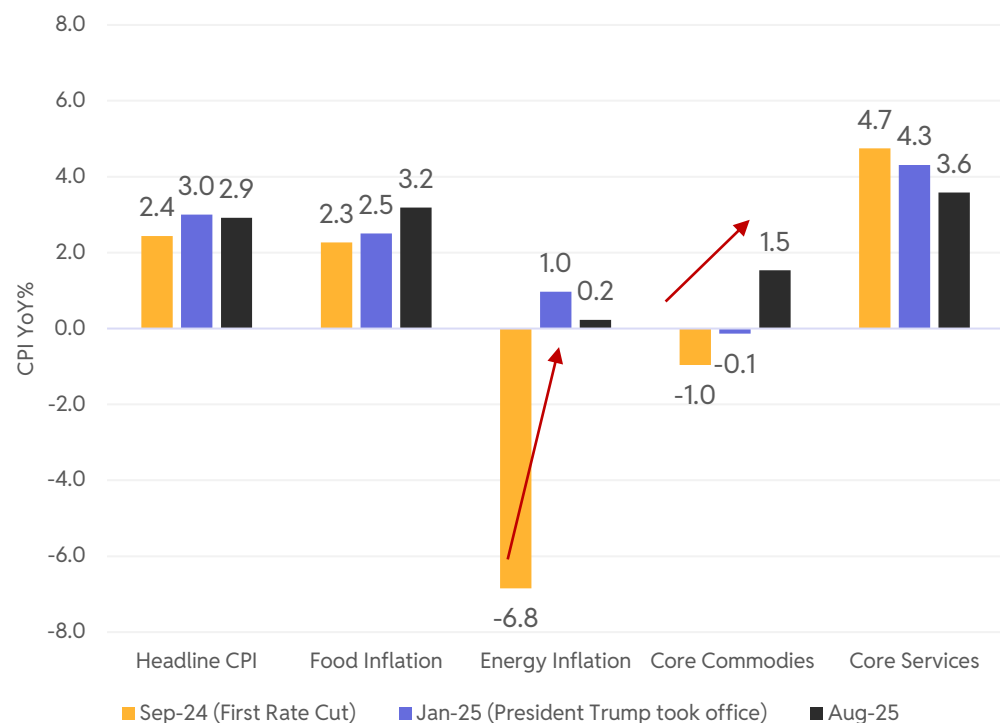


Source: FRED, Ionic Wealth, Data available as of September 2025

The U.S. labour market is showing signs of softening after a prolonged period of strength. Job creation has slowed, with monthly payroll gains moderating and unemployment beginning to edge higher from its cycle lows. Job openings have declined notably, as reflected in the JOLTS report, indicating cooling demand for labour. The slowdown in personal disposable income growth, translating into weaker consumer spending, reflects mounting stress within the U.S. economy and underscores the need for continued monetary policy easing.

US Economy: While Inflation Remains A Worry, Fed Starts Easing Rates Again

Inflation in the US is creeping up, led by core commodities and energy



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

Fed delivered a 25-bps rate cut, to 4.00-4.25%. Markets are currently pricing in 50 bps rate cut through 2025 (same as Fed's expectation) but a higher cut of 75 bps in 2026 against Fed's expectation of 25 bps

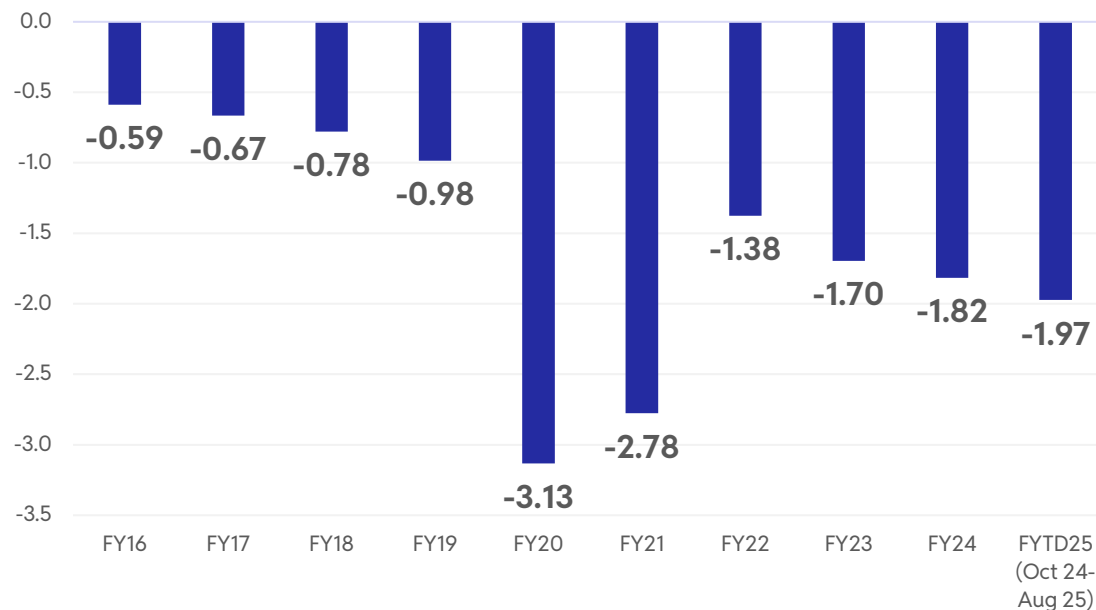


Source: CME Fed Watch tool, Ionic Wealth, Data available as of September 2025

Inflation in the US, as measured by CPI has moved up in the last 12 months. Components like shelter costs (major part of core services) remain sticky, while food, energy and core commodities have seen an increase in prices. Core commodities, that account for 19% of the headline basket, and consist of items such as furnishings, apparel, vehicles and vehicle parts and equipments are expected to be most impacted by the steep tariffs imposed by President Trump. Despite upside risks to inflation, the US Fed delivered a 25-bps rate cut, thereby giving growth and labour market precedence.

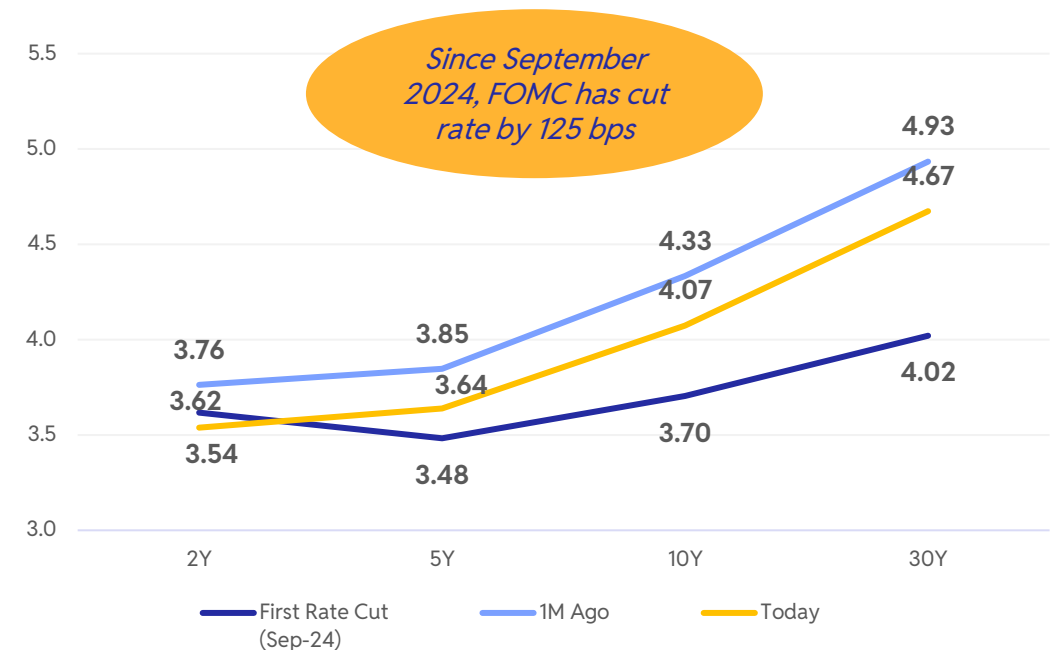
US Economy: Higher Fiscal Deficit Keeps the Yields Elevated

Fiscal deficit in the US remains elevated, with current fiscal year till date number already surpassing last year's deficit...



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

... this has kept yields elevated especially at the longer-end, making treasuries relatively cheap compared to equities-- but a trigger for turnaround is still missing

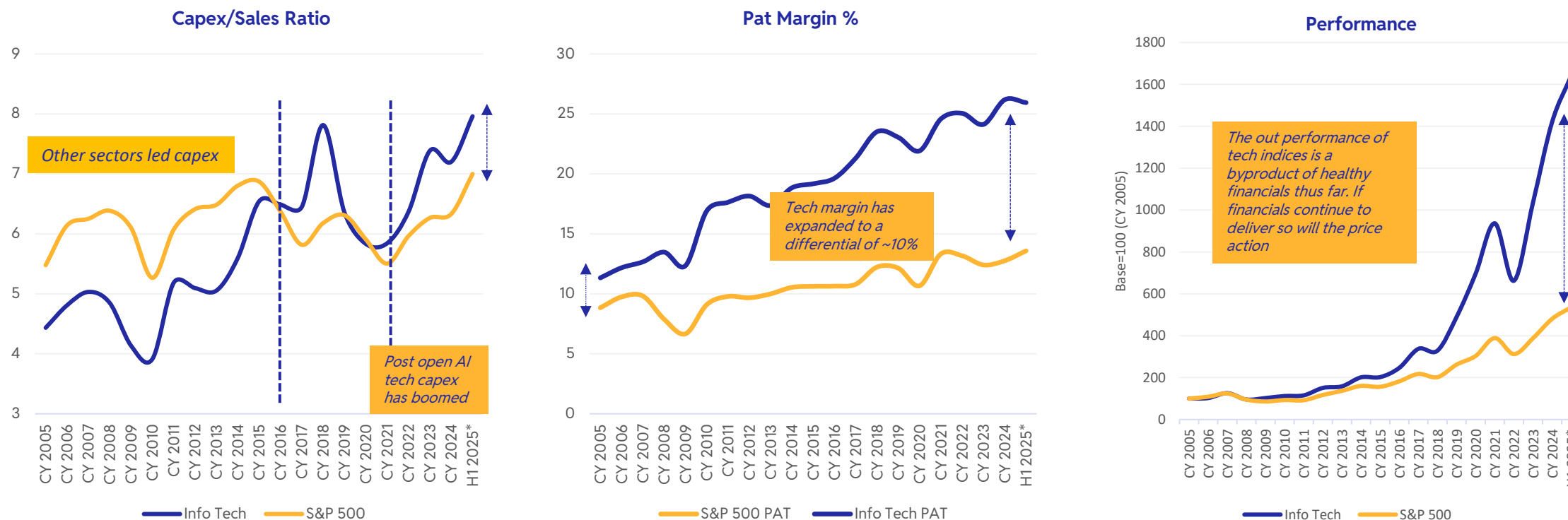


Source: Bloomberg, Ionic Wealth, Data available as of September 2025

Fiscal situation in the US remains one of the major underlying concerns. Persistent budget deficits, driven by structurally high government spending and relatively flat revenue growth, have pushed the U.S. debt-to-GDP ratio to historically elevated levels. Fiscal distress can be clearly seen translating into higher treasury yields, especially in the longer end of the curve, as supply and risk premium both have increased. Since the first rate cut in September 2024, 10Y and 30Y yields have moved up by ~37 bps and ~65 bps respectively.

US Markets: Despite All Of That, Is AI Really In A bubble?

AI's surge is likely not just another bubble — rising PAT margins and disciplined investment show earnings and infrastructure, not just hype, are driving tech's outperformance.

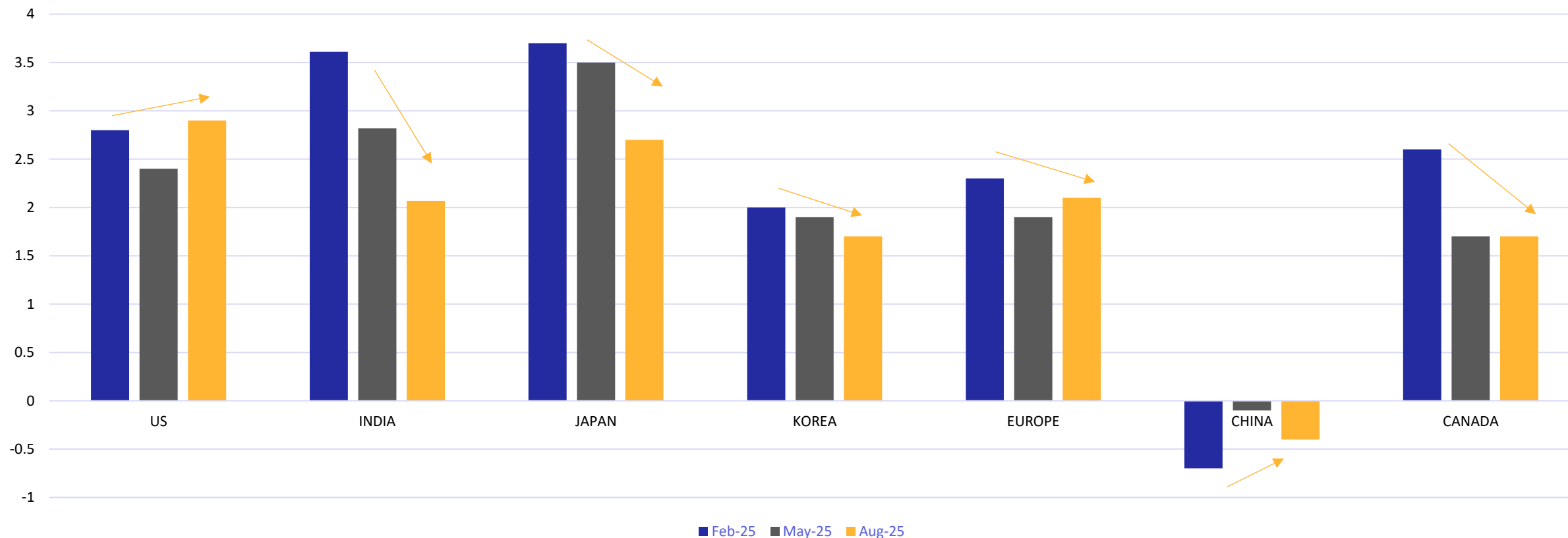


Source: Bloomberg, Ionic Wealth, Data available as of September 2025 | H1 2025*- Avg of Q1 2025 & Q2 2025

Tech has outpaced the broader market since 2022, but unlike past bubbles, the rally is underpinned by fundamentals. PAT margins in Info Tech have expanded from ~11% in 2005 to nearly 26% today, well above the S&P 500's ~13%. Capex-to-Sales for Info-tech stands at ~8% versus ~7% for the market, reflecting structural investment in AI infrastructure. These metrics suggest sustained profitability and reinvestment, not speculative excess. While concentration in a few AI leaders adds risk, the sector's earnings power makes this rally more structural.

Inflation Dichotomy: Higher In US; lower in other major economies

While US inflation has ticked up again in Aug-25 amid tariff increase, most other major economies — including India, Japan, Korea, Europe and Canada — have seen inflation moderate in the last six months. China remains an outlier with deflationary conditions amid stressed domestic demand

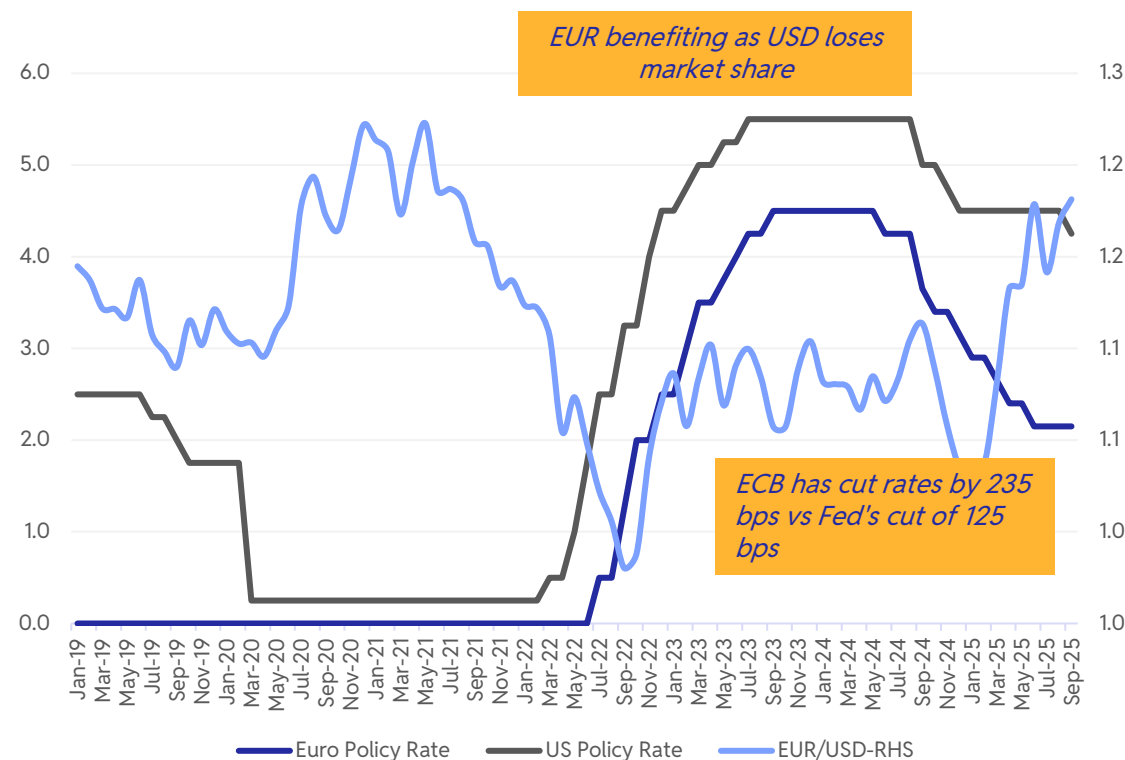
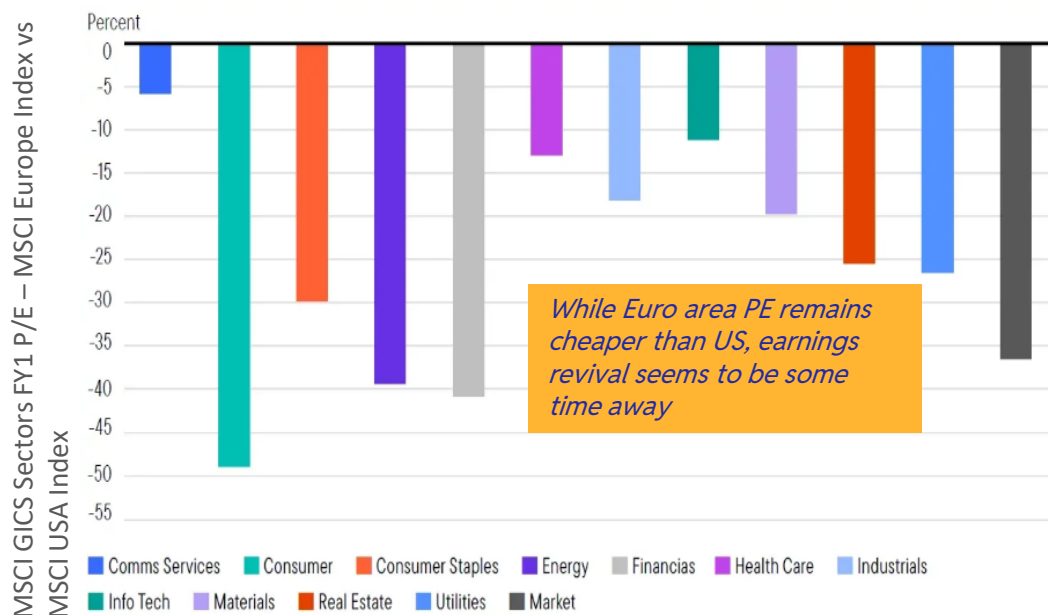


Source: Bloomberg, Ionic Wealth, Data available as of September 2025

On a YoY basis, inflation is plateauing or easing in most major economies, while the US stands out with persistent annual price growth. This resilience stems from tariff-related cost pressures, wide fiscal deficits, and policy uncertainty. By contrast, coordinated monetary and fiscal measures abroad have helped anchor annual inflation expectations lower, underscoring the inflation dichotomy between the US and the rest of the world.

Europe: Defensive Value amid Cautious Monetary Expansion & EUR Strength

European stocks are trading at deep discounts relative to US stocks -- observed across all sectors in Europe compared to their US counterparts. Cautious yet aggressive monetary easing relative to US, supports the economic outlook in the Euro area. EUR has observed greater strength in recent months owing to improving outlook for Euro area coupled with USD weakness



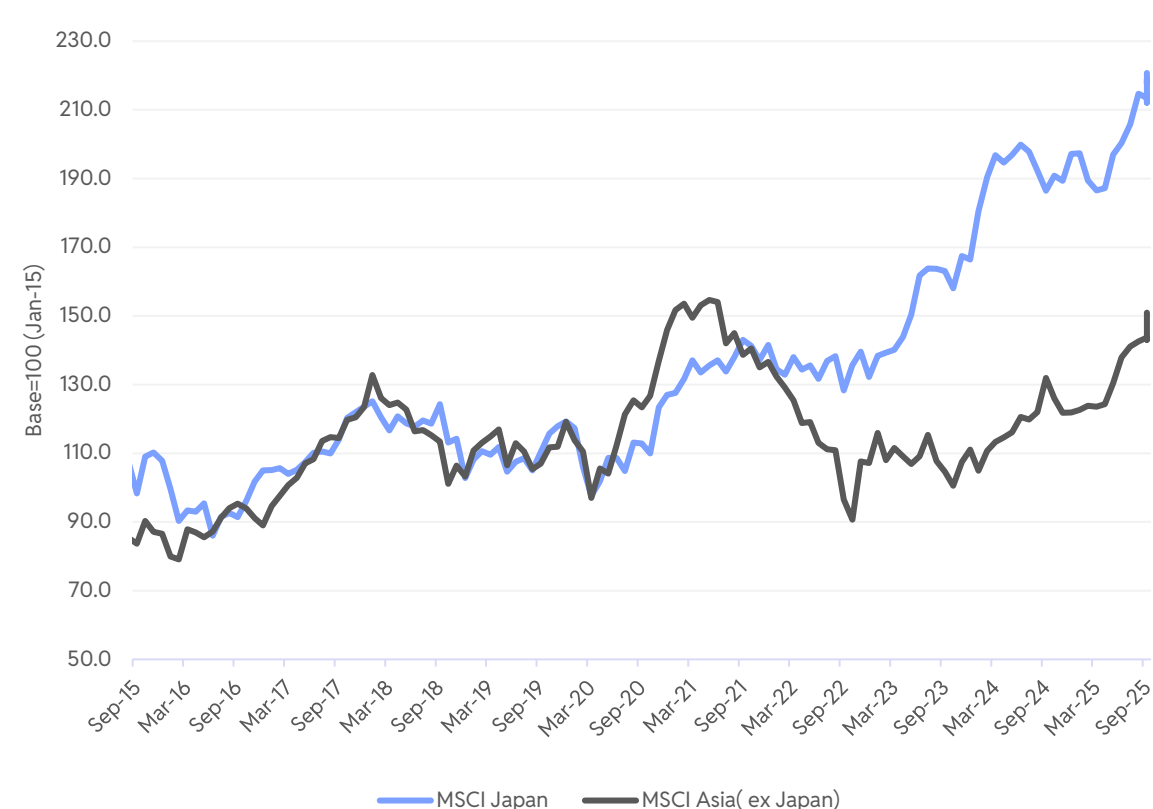
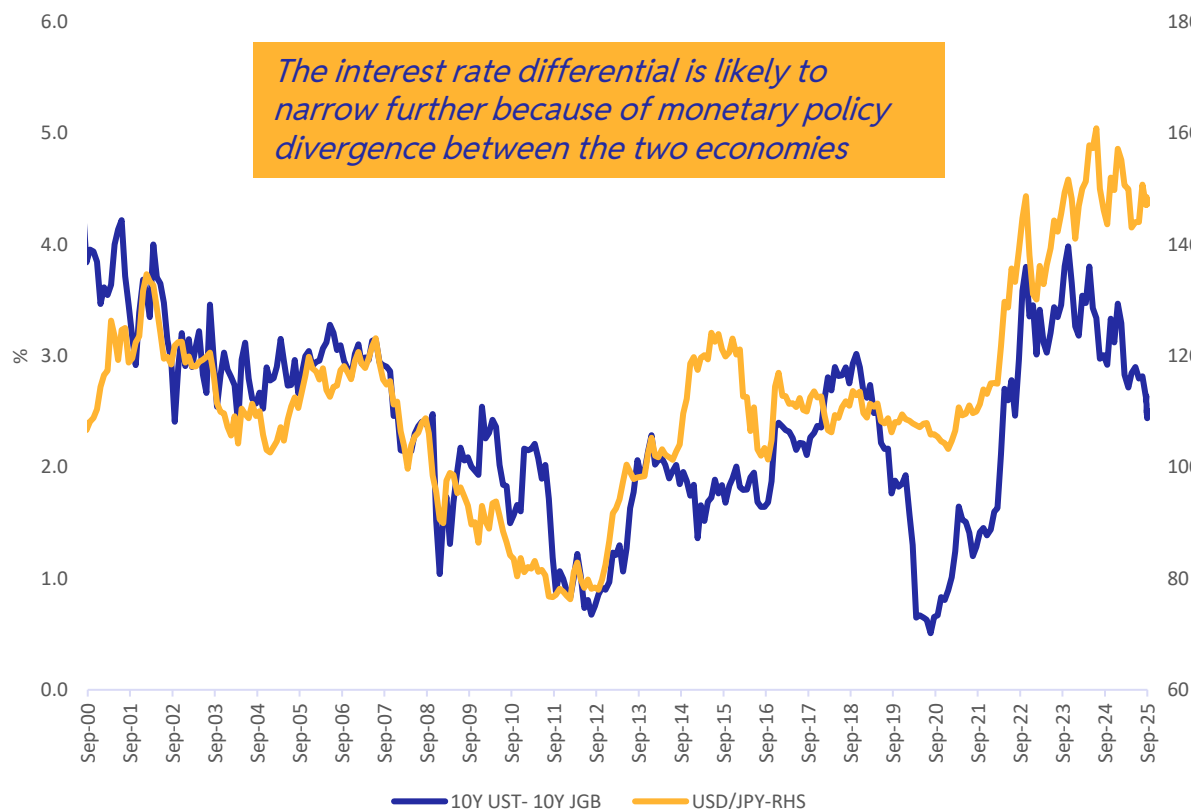
Source: Franklin Templeton, Ionic Wealth, Data available as of September 2025

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

The outlook for Euro area has improved aided by cautious yet substantial monetary easing, heavy capex push and improving economic sentiments. Although most Euro area sectors continue to trade at deep discounts relative to their U.S. counterparts., we believe current valuation gaps present compelling value opportunities that investors can strategically tap into.

Japan: Reigniting Global Investor Interest

Narrowing UST-JGB differential, strengthening yen, and improving domestic outlook, is reviving Japan's appeal on the global investment stage



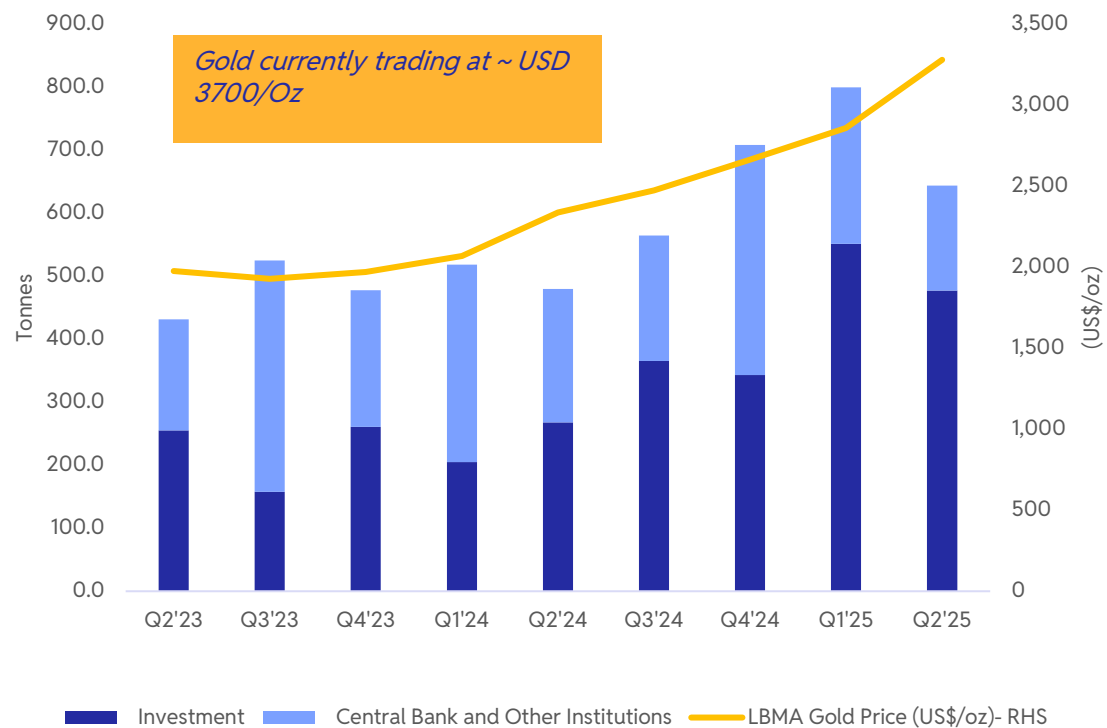
Source: Bloomberg, Ionic Wealth, Data available as of September 2025

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

Japan's markets in September 2025 continue to stand out amid global volatility, benefiting from a defined trade deal with US, declining interest rate differential, stronger JPY and improved domestic outlook. Despite supply-side shocks and protectionist trends, Japan's strategic reforms and resilient domestic economy makes it attractive as investors seek diversification from elevated volatility in Western markets.

Gold & Silver Continue To Shine

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



Silver ETFs have witnessed steady inflows recently. Silver prices have climbed to multi-year highs. This strength is being driven by industrial demand — especially from solar and data-center infrastructure coupled with revived investment demand



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

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

Gold's robust performance, was driven by strong buying by central banks, global policy uncertainty, persistent inflation risks, and record levels of government debt, making it a prime portfolio hedge amid elevated volatility and richly valued USD. China's central bank continues aggressive gold buying, underscoring its strategy to diversify reserves away from the USD. Silver ETFs have seen sharp increase in ETF flows in the recent past— thereby strengthening prices of the critical industrial metal.

Emerging Markets

Korea :

Bullish as global supply chain shifts



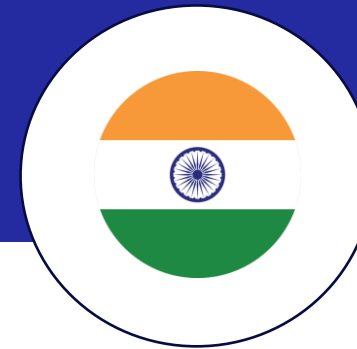
China:

Stimulus Continue



India :

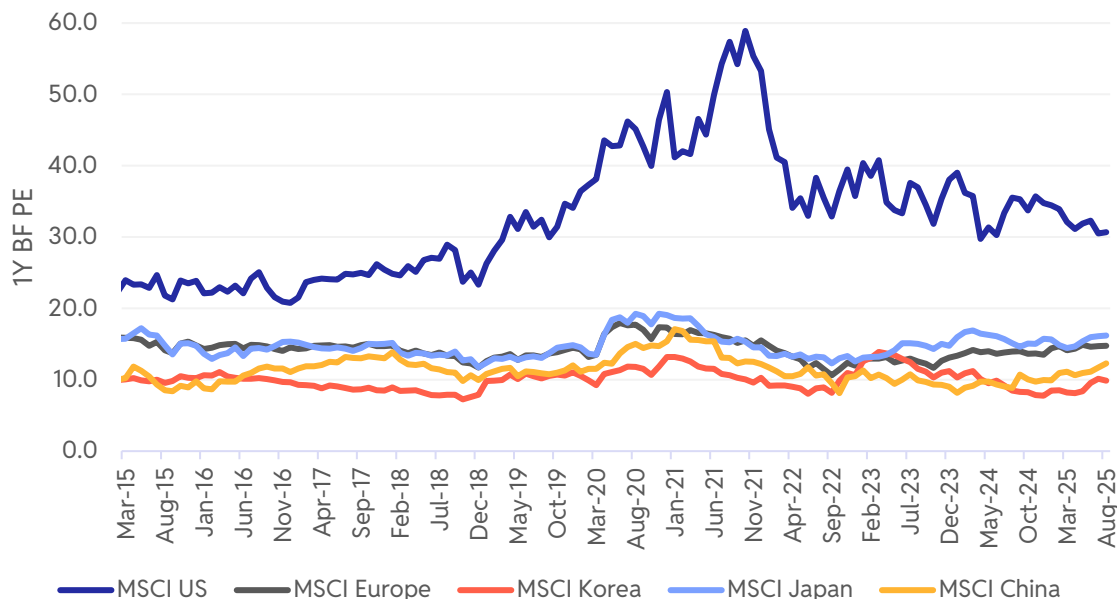
Government Capex support and GST Rate Rationalization to be key drivers of growth, return of FIIs awaited



Possible Opportunities Available In Cheaper Global Economies Over High Premium US

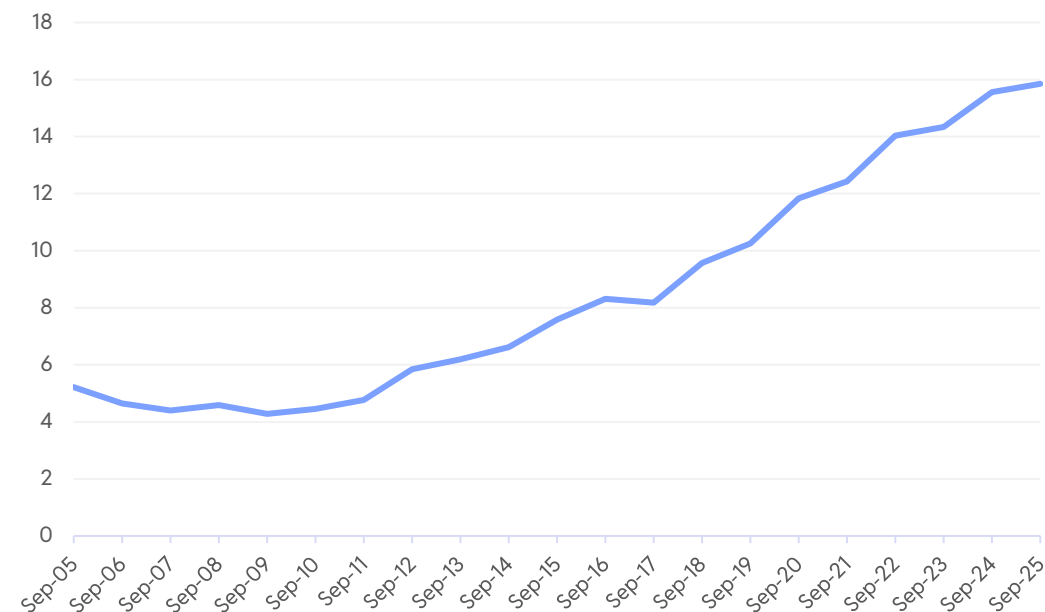
US markets continue to command higher multiples and dominate global benchmarks, but markets like Europe, Japan, China, and Korea trade at comparatively modest valuations, offering diversification potential.

Economies like Europe, China, Japan & Korea favourably valued compared to US



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

MSCI US/MSCI World(ex US)

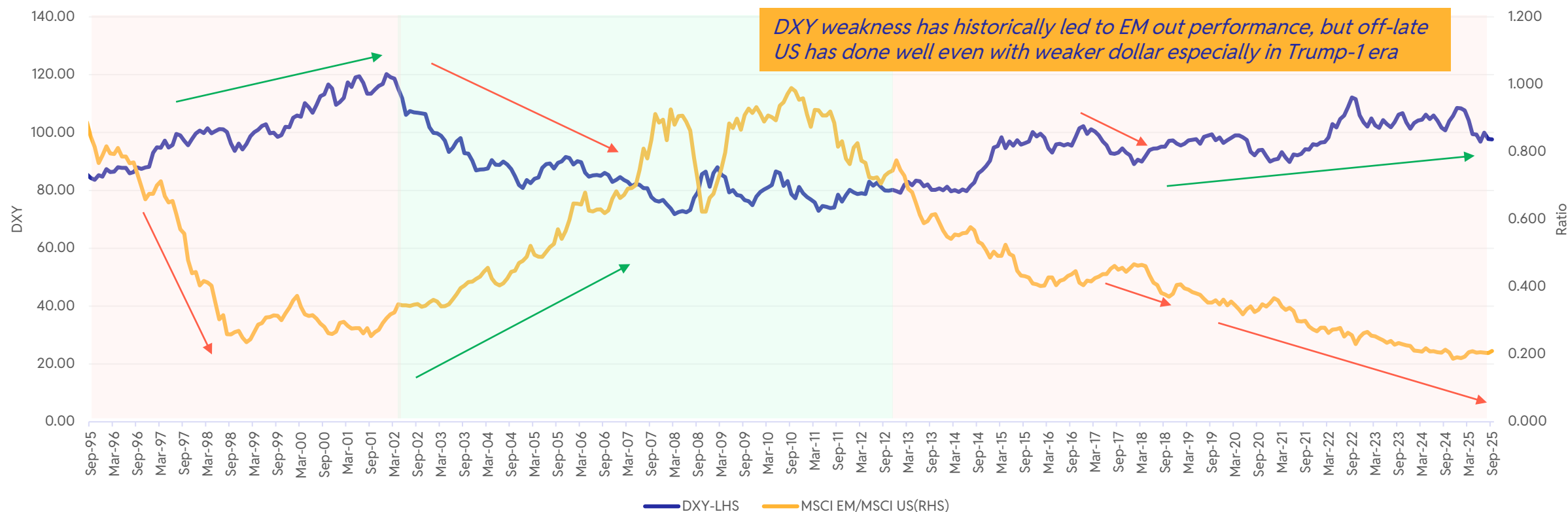


Source: Bloomberg, Ionic Wealth, Data available as of September 2025

US valuations remain elevated at ~30x forward earnings versus ~10–15x for Europe, Japan, China, and Korea, reflecting tech leadership and resilient profitability. The US share of global equity market cap has risen sharply, underscoring its dominance but also highlighting concentration risk. In contrast, international markets are priced more conservatively, suggesting room for relative outperformance as global growth broadens. For investors, this makes the case for maintaining US exposure while also considering undervalued opportunities abroad.

DXY weakness is positive EMs

Periods of sustained DXY weakness—such as 2002–2007 —have historically sparked powerful rallies in emerging markets, as global risk appetite surged and capital rotated toward EM equities. Conversely, DXY strengthening cycles—post-2014 and 2022—tended to coincide with EM underperformance and tightening global liquidity, echoing financial stress episodes and US policy pivots.

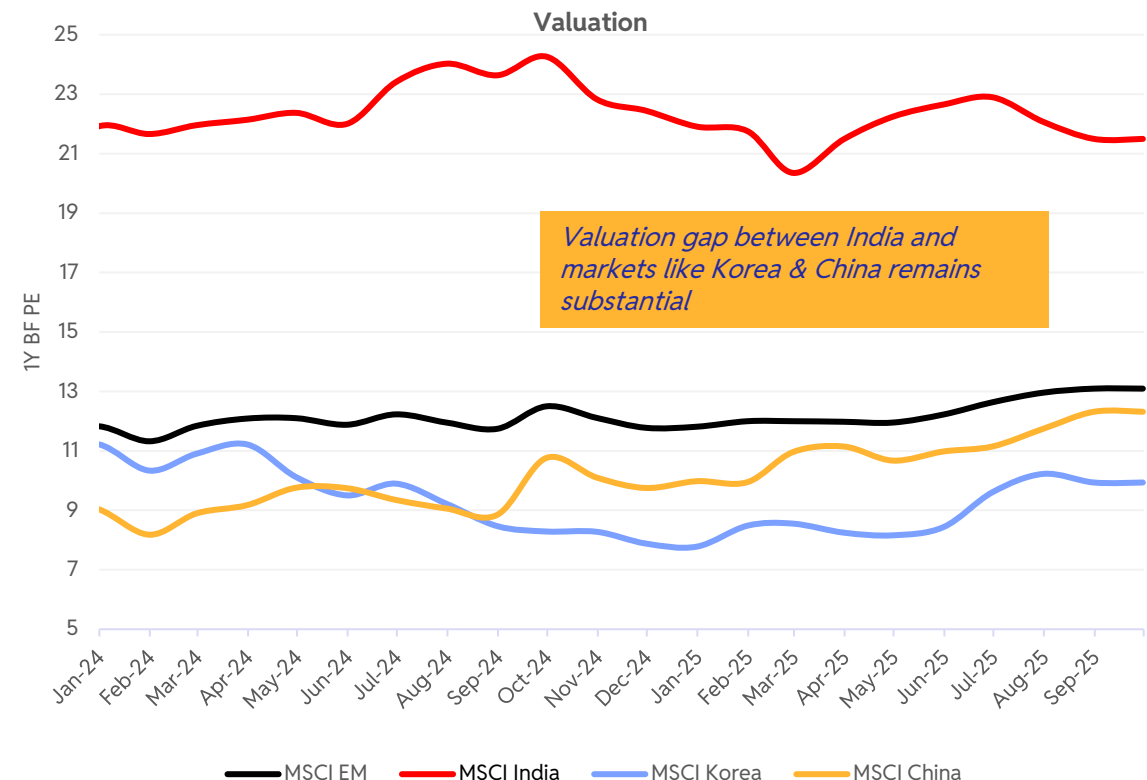
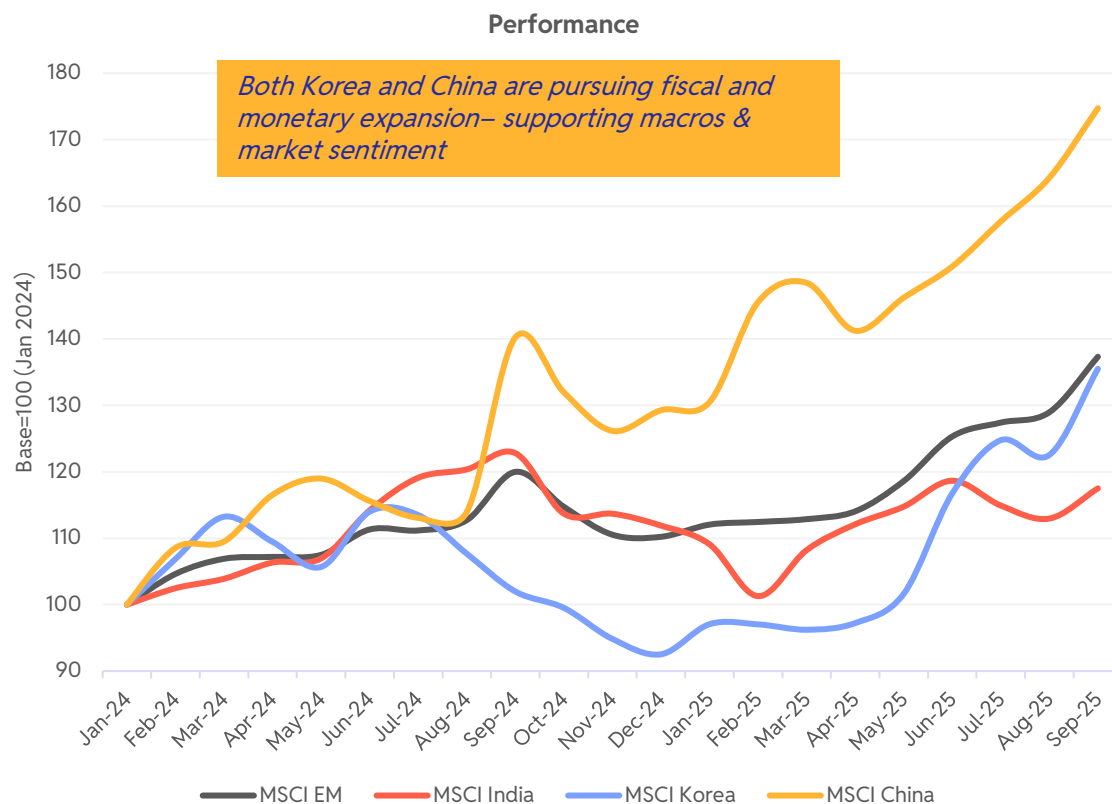


Source: Bloomberg, Ionic Wealth, Data available as of September 2025

As the dollar depreciates, these economies benefit from lower servicing costs on their dollar-denominated debt, freeing fiscal resources for other priorities and lowering financial stress for both governments and corporations. The shift also attracts global capital to EM equities and bonds, as investors seek higher yields and potential currency appreciation. Additionally, most commodities are priced in dollars, so a weaker greenback generally results in higher local currency revenues for EM commodity exporters, strengthening trade balances and supporting domestic growth. This combination of increased capital inflows, improved fiscal conditions, and rising export earnings creates a more favourable environment for policy flexibility and sustainable economic momentum in many emerging markets.

Emerging Markets Ex India Revival Strong

India trades at a forward PE of ~21X, well above peers. By contrast, China (~10–11X) and Korea at ~9X are at cheaper valuations with stronger performance momentum showcasing possible growth potential



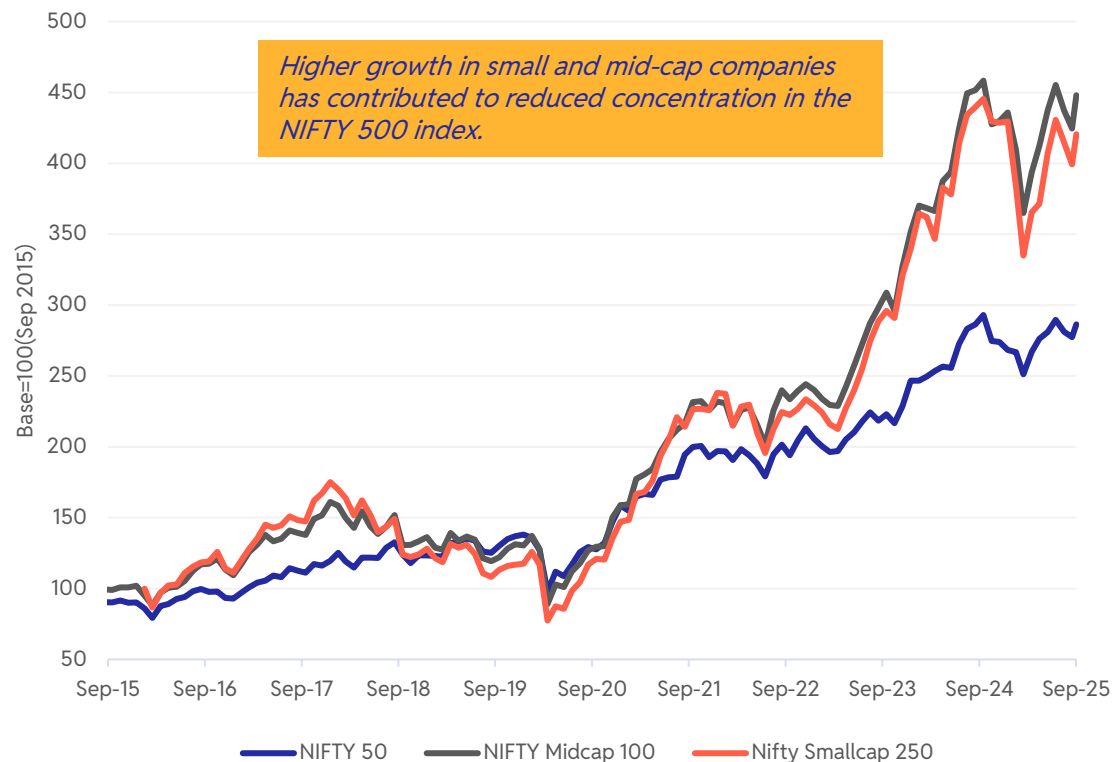
Source: Bloomberg, Ionic Wealth, Data available as of September 2025

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

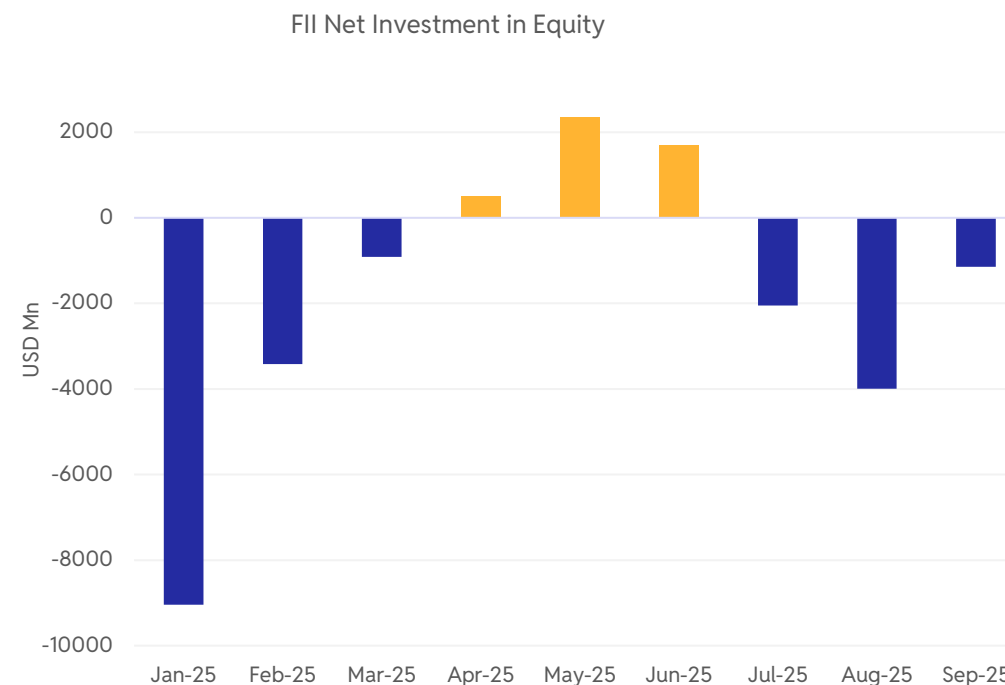
Over the last year, China and Korea have driven gains in the emerging markets, supported by earnings recovery, reforms, and sectoral growth in areas like technology, EVs, and green infrastructure. Meanwhile, India's high valuations limit scope for further upside relative to peers. With EM ex-India indices trading at nearly half India's multiples, there is a possible huge growth potential in these undervalued markets where policy support and structural trends are translating into stronger returns.

India: FIIs Continue To Be Net Sellers

Midcaps and smallcaps have sharply outperformed the NIFTY 50 since 2020, though with higher volatility.



FIIs remain consistent net sellers in 2025, with only brief inflows in April–June.



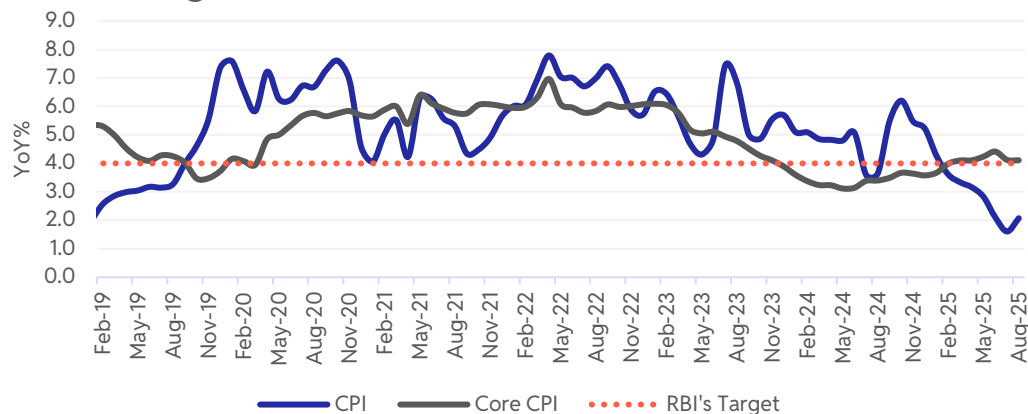
Source: Bloomberg, Ionic Wealth, Data available as of September 2025.

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

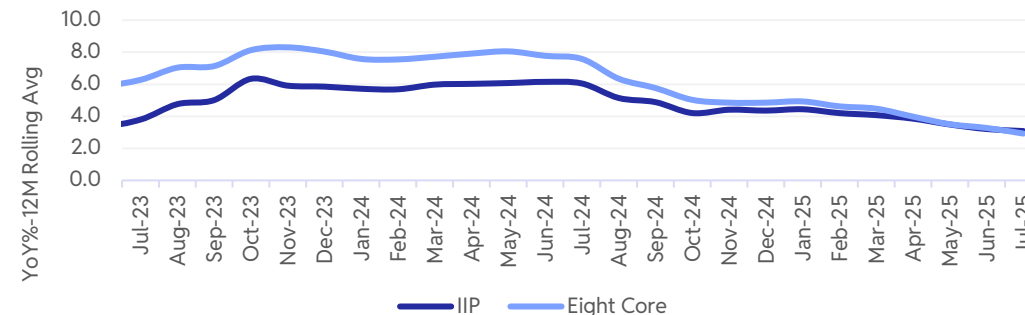
Despite robust macroeconomic fundamentals, foreign institutional investors (FII) outflows have pressured market sentiment, reflecting heightened global policy uncertainty and cautious risk appetite. However, India's significant GST reforms, simplifying the tax structure from four to two primary slabs, are expected to stimulate consumption, likely benefiting sectors like automotive, consumer durables, cement, and FMCG through margin expansion and volume growth. Overall, the outlook remains constructive, with reforms serving as a catalyst for a potential multi-year consumption boom

India: Need for More Monetary Policy Easing

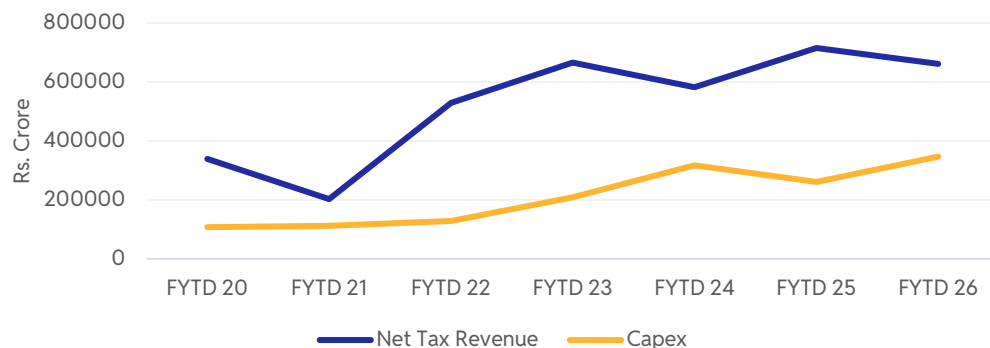
While India's CPI inflation remains comfortably below RBI's 4.0% target....



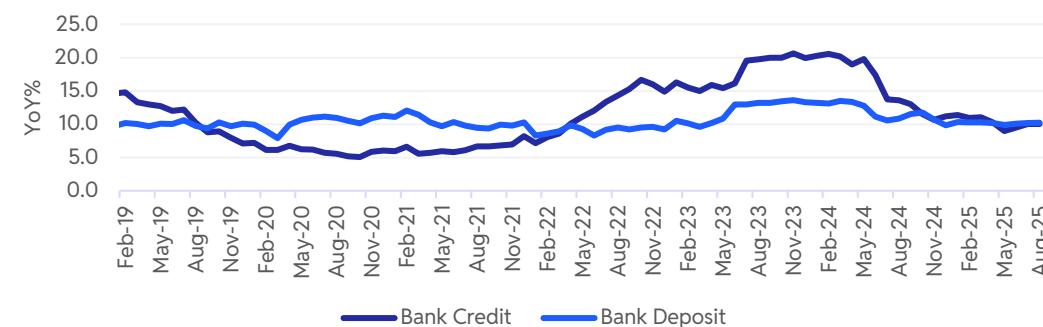
....Both eight core industries and IIP data indicate that the growth momentum continues to slowdown– prompting for further monetary policy easing



Government's tax revenue down 7.5%, while Capex is up 32.8% YoY FYTD26



Bank Credit growth continues to be marginally lower than deposit growth



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

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

Domestic inflationary environment remains benign with headline CPI inflation remaining much below RBI's target of 4.0% and core inflation staying little over 4.0% as of August 2025. While inflation remains comfortable, growth momentum in the economy continues to moderate– reflecting the need for further monetary policy easing. On the other hand, government's capex revival seen this year coupled with major GST reforms should likely support growth in the coming quarters. Bank credit growth remains low, however, ample surplus liquidity, lower interest rates and revival in consumer confidence should pick-up credit growth in the coming months. This balanced scenario underscores a cautiously optimistic outlook where inflation stability provides room for growth-supportive policies.



In a nutshell,

This remains a time to trust active managers. It has been a volatile period and uncertainty has surprised on the upside. However, one needs to stay mindful of first principles of investing to remain fool proof in the markets.

Reach us at 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), for initial discussions 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.