

IONIC WEALTH
BY ANGEL ONE

The Investing Pantheon

August 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?

While global trade negotiations continue in the background, a potential rate cut in the September 2025 FOMC policy has caught global market attention. The recent speech by the Federal Reserve Chairman, Jerome Powell at Jackson Hole Symposium highlighting concerns over softening labour market has built higher expectation of rate cuts in the US. Amidst this potential turnaround in policy along with resilient earnings season, global equities could continue to witness upward momentum. EM countries could also benefit if Federal Reserve start cutting rates as flow of capital could move towards these countries.

US : Strong Macros, Can Earnings Sustain?

Overall economic strength remains, although some signs of weakness is observed in the labour market data. In the US, valuations are elevated (especially for large caps) and the best way for them to course correct is higher earnings. US has so far delivered, with most of the companies posting better than expected results.

Europe: Benefitting From Flows

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

India: Mixed HFD Signals, Individual Stock Opportunity Exists

India macros are giving mixed signals, but lower inflation can help margins and revive corporate profitability. Additionally, the much-awaited GST rate rationalization should aid revive domestic demand. 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 economies 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 rate cut action may support the US equities especially the small cap names



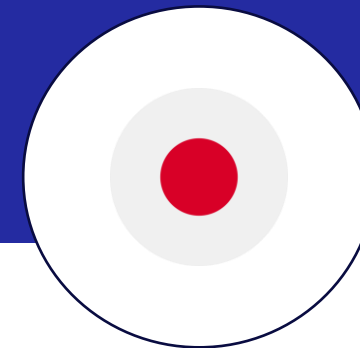
Europe:

In a holding pattern, capex revival, inflation under control



Japan:

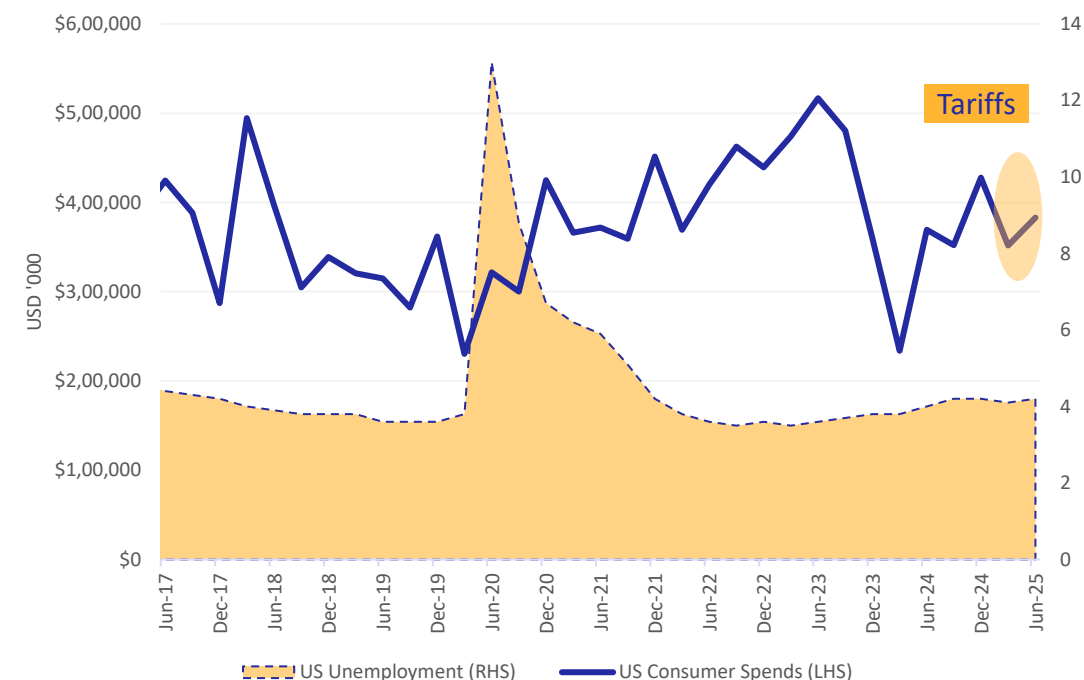
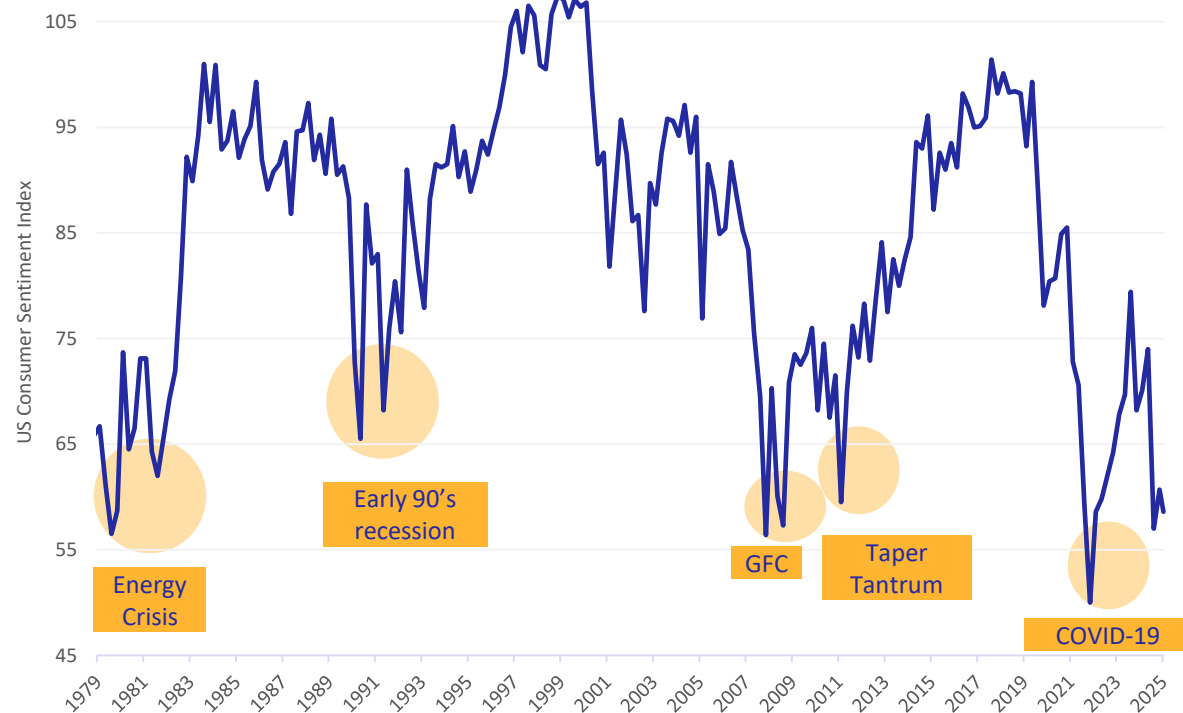
Above-trend growth, tamed inflation



US Economy: Economic Resilience Meets Consumer Caution

Consumer confidence remains at subdued levels despite the strong market performance, clearly discretionary spends have seen headwinds...

...but overall robust employment and consumer spending have shown no sign of utter worries YET



Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025

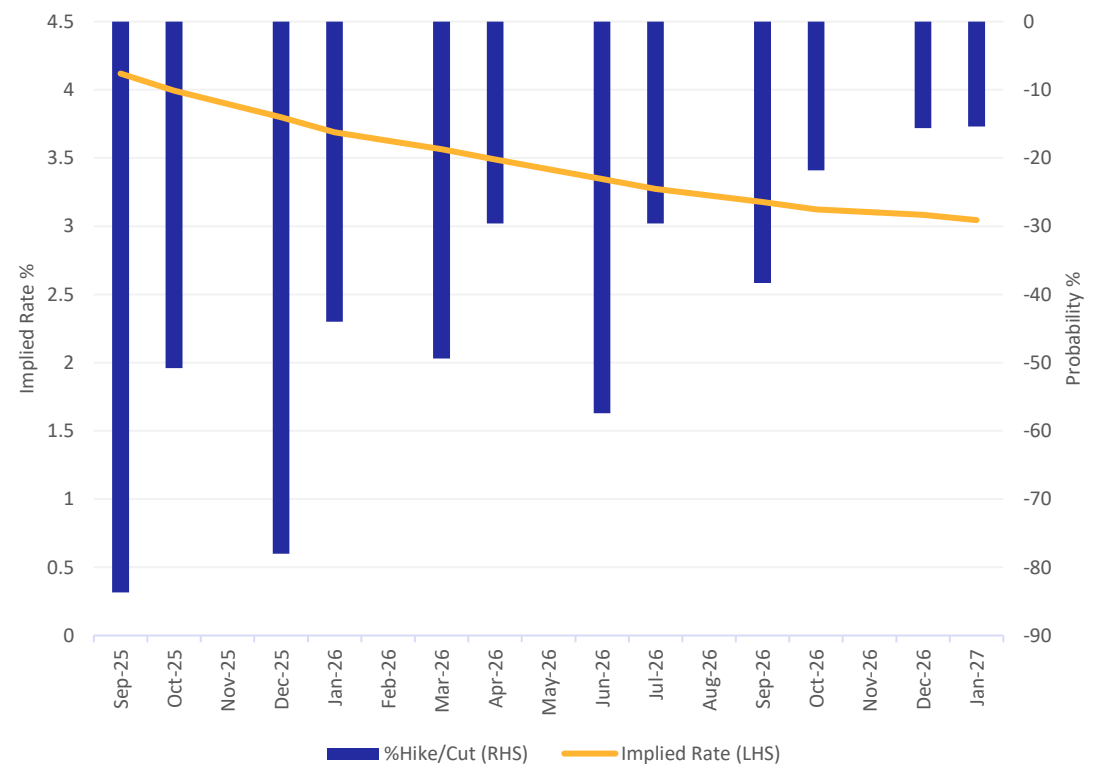
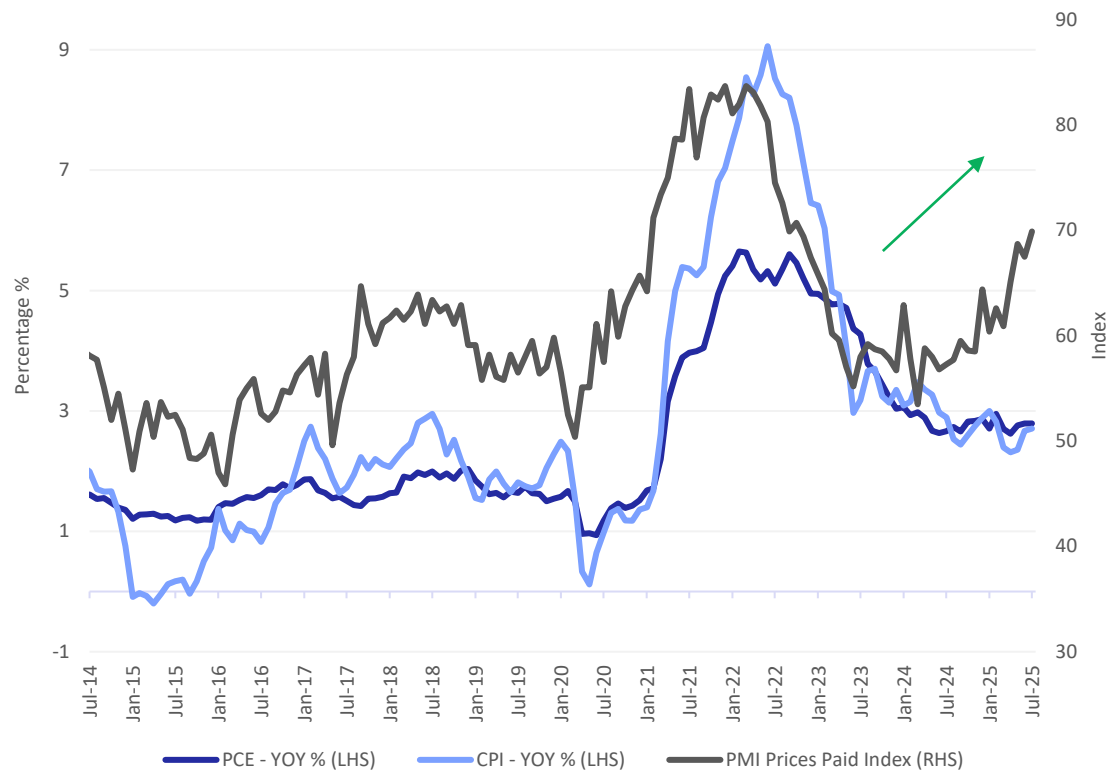
Source: Bloomberg, Ionic Wealth, Data available as in August 2025

Following the wave of unprecedented US tariff actions in early 2025—driving the effective tariff rate to a 100-year high at 18.2%—economic policy uncertainty sharply eroded US consumer confidence. Although overall economic strength remains, labour markets in the US have started showing signs of a slowdown, which could lead to a potential rate cut in September 2025 policy. This should help lift the consumer sentiments again and further support consumer spending.

US Economy: Lead Signals Inflationary But Fed Rate Cut Expectations Are Ripe

PCE and CPI Inflation remains sticky, PMI prices paid index which can be considered a lead indicator is inching up

After Jackson Hole's, 87% Market participants expect rate cut in Sep-25; further cuts expected till 2027 taking implied rate ~3%



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

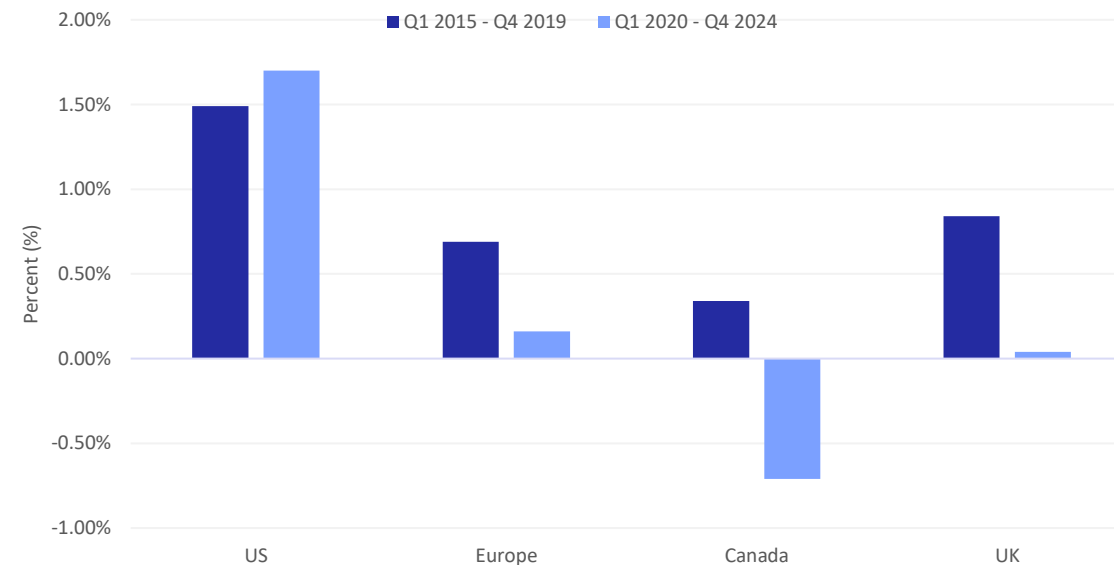
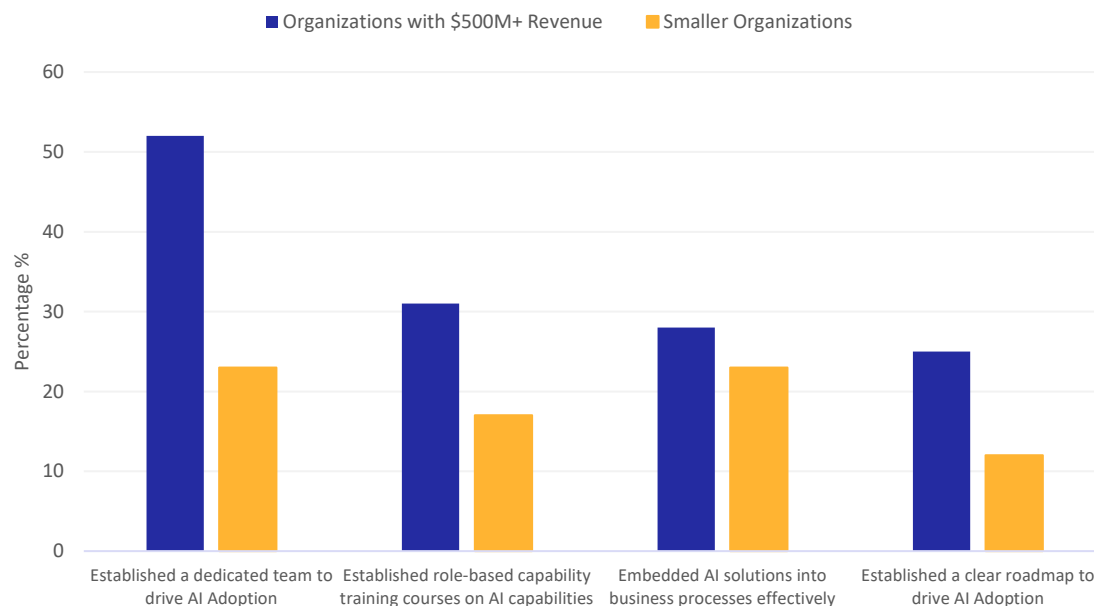
Source: Bloomberg, Ionic Wealth, Data available as in August 2025

US inflation picture remains nuanced: headline and core CPI have plateaued above the Fed's 2% target (but not as high as previously expected despite the tariff), with stubbornness in services, food, and housing costs. Market rate expectations have shifted, with investors paring back bets on aggressive Fed cuts; the consensus now anticipates a measured pace of policy ease, likely 50bps by year-end. This evolving policy outlook has flattened the yield curve, as near-term yields remain sticky while 10-year Treasuries remain rangebound

US Economy: AI & Productivity: The Structural Engine Which Can Prove Recessionistas Wrong?

Up to 40% productivity gain in key sectors; 77% of C-suite leaders report AI-driven efficiency boosts. AI adoption has accelerated among larger companies, but adoption remains low for smaller firms

US labor productivity growth has accelerated and decisively outpaced other major economies, underlining America's adaptability and structural efficiency gains.



Source: Bloomberg, McKinsey, Goldman Sachs, Ionic Wealth, Data available as in August 2025

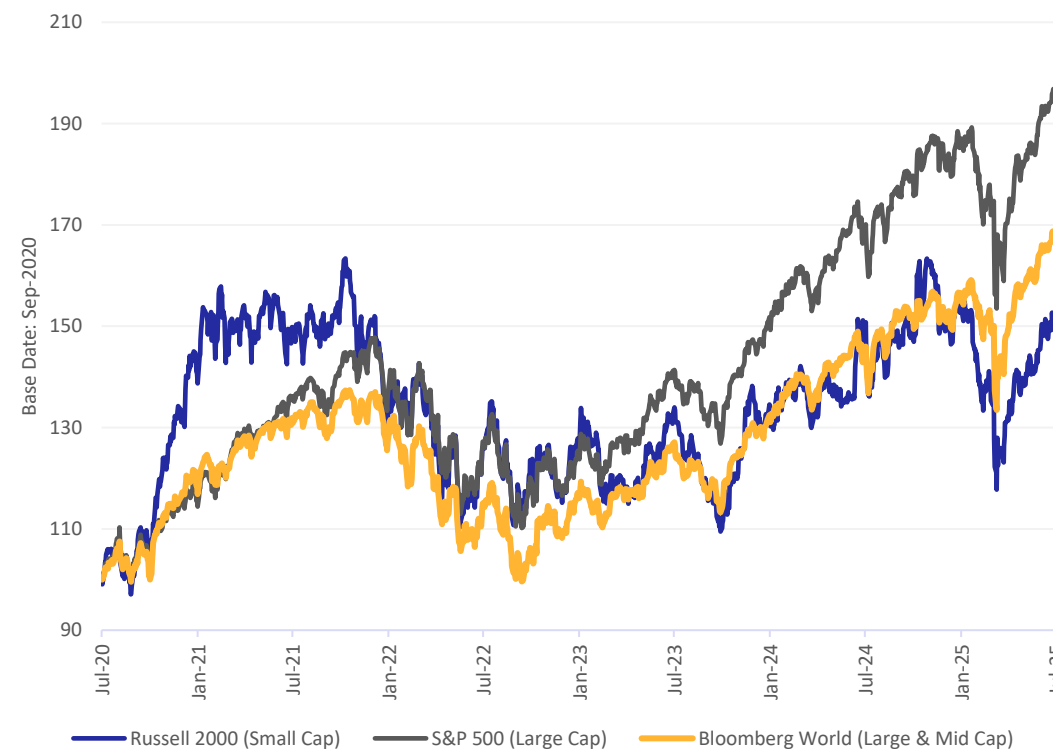
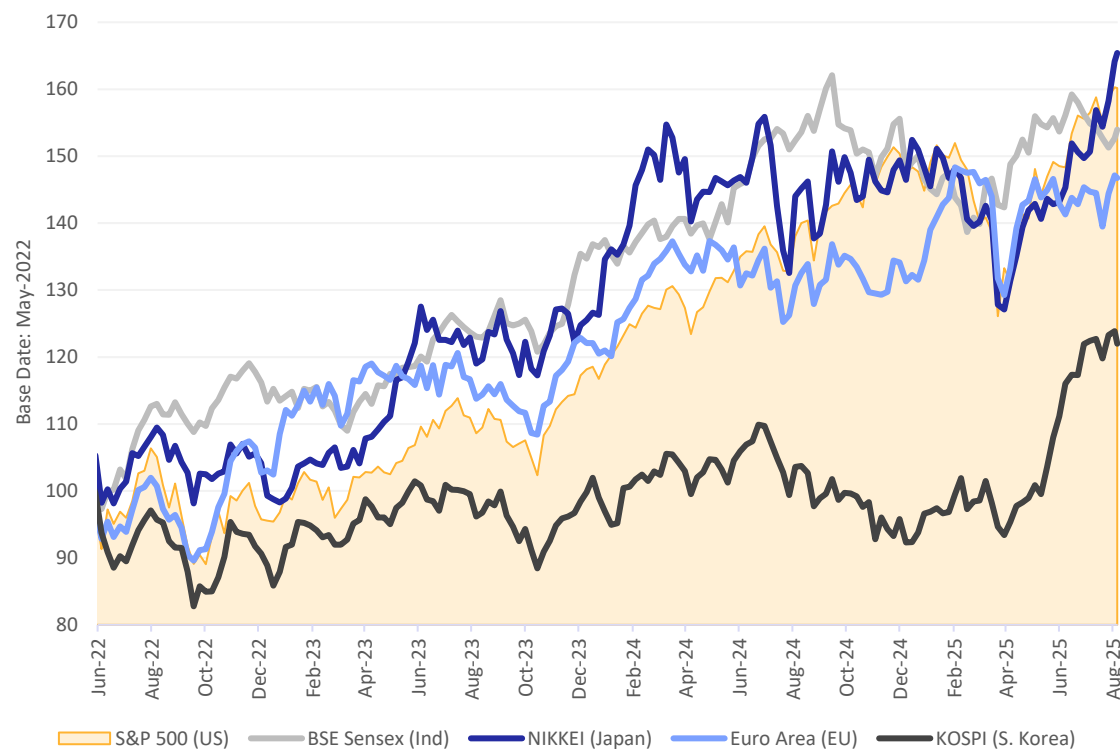
Source: Bloomberg, Ionic Wealth, Data available as in August 2025

U.S. labor productivity is trending higher in 2025, powered by ongoing investment in artificial intelligence (AI) and digital transformation. Goldman Sachs Research estimates generative AI will ultimately boost labor productivity by about 15% in developed markets. AI-driven efficiency is already being reported in sectors like tech, marketing, and operational roles, with major firms citing 15–35% efficiency gains from AI integration. Overall, the long-run outlook suggests AI will be a net creator of jobs and a significant force for sustained productivity growth in the U.S. economy, even as short-term dislocations are absorbed without major structural rises in unemployment.

US Markets: Performance vs ROW & Valuations

3Y Returns by Region: US > Japan > select EM (esp. India, Korea); Europe's catch-up supported by capex

Valuations: US large-cap growth at historic premium; small-caps and international stocks undervalued



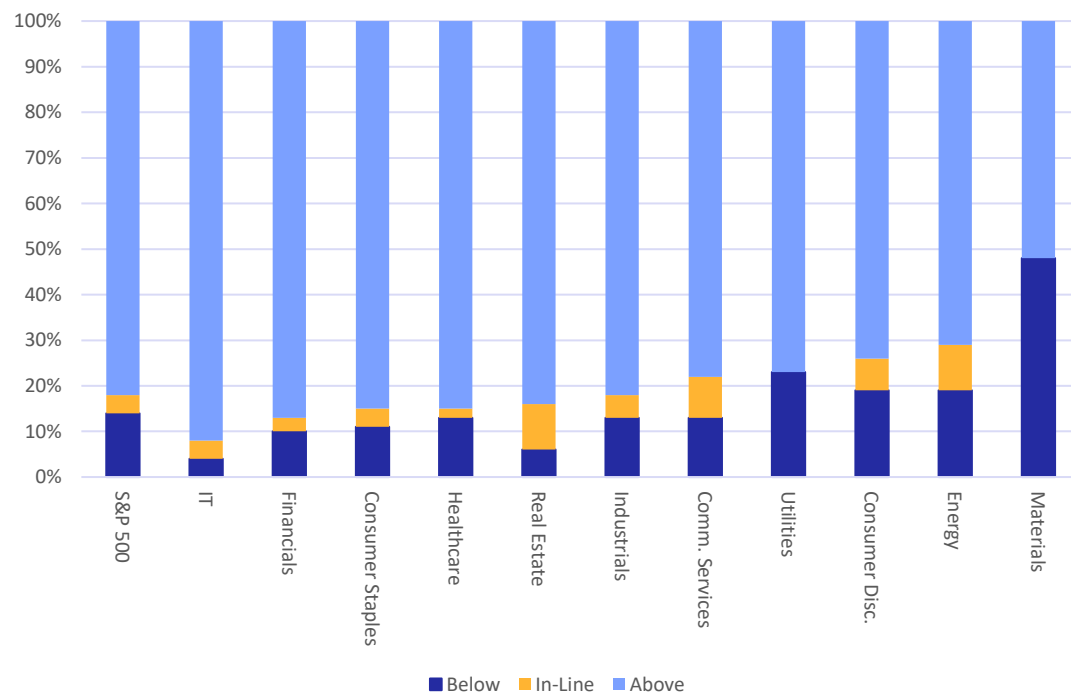
Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025

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

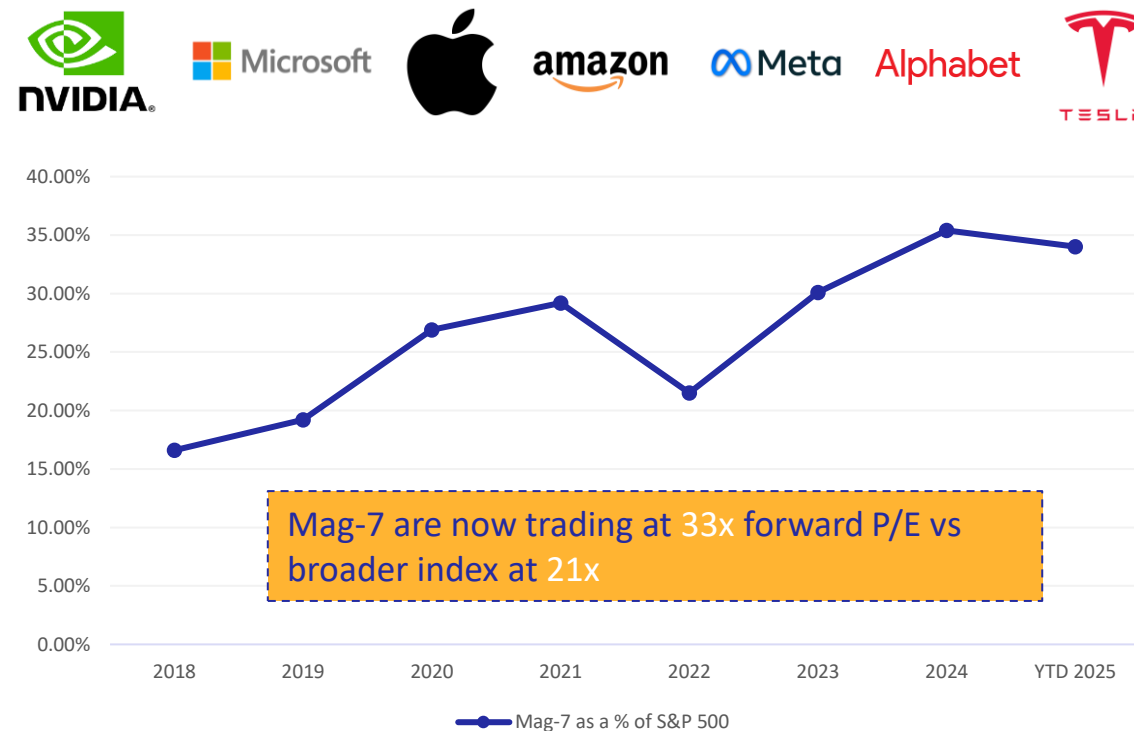
The S&P 500 hit new highs, underpinned by robust corporate earnings—particularly from AI-driven technology giants—despite ongoing policy and trade uncertainty. Europe and Japan, while also rallying, lag the US in terms of earnings momentum. Valuation-wise, US growth and large caps appear stretched relative to history, while US small-cap and value stocks, as well as European, Japanese and EM markets, remain at discounts to intrinsic value, offering pockets of opportunity for global investors.

US Equities: Earnings Leadership but Concentrated Gains

S&P 500 earnings revisions, a lot more upward surprises seen in the Q2 2025 earnings. IT, Financials, Consumer Staples, Healthcare & Real Estate with ~90% earnings above/in-line



Mega-cap Premium: "Mag 7" are now ~35% of index market cap. From 2015 to 2024, these seven companies achieved a 697.6% return, outperforming the S&P 500



Source: Bloomberg, Factset, Ionic Wealth, Data available as in August 2025

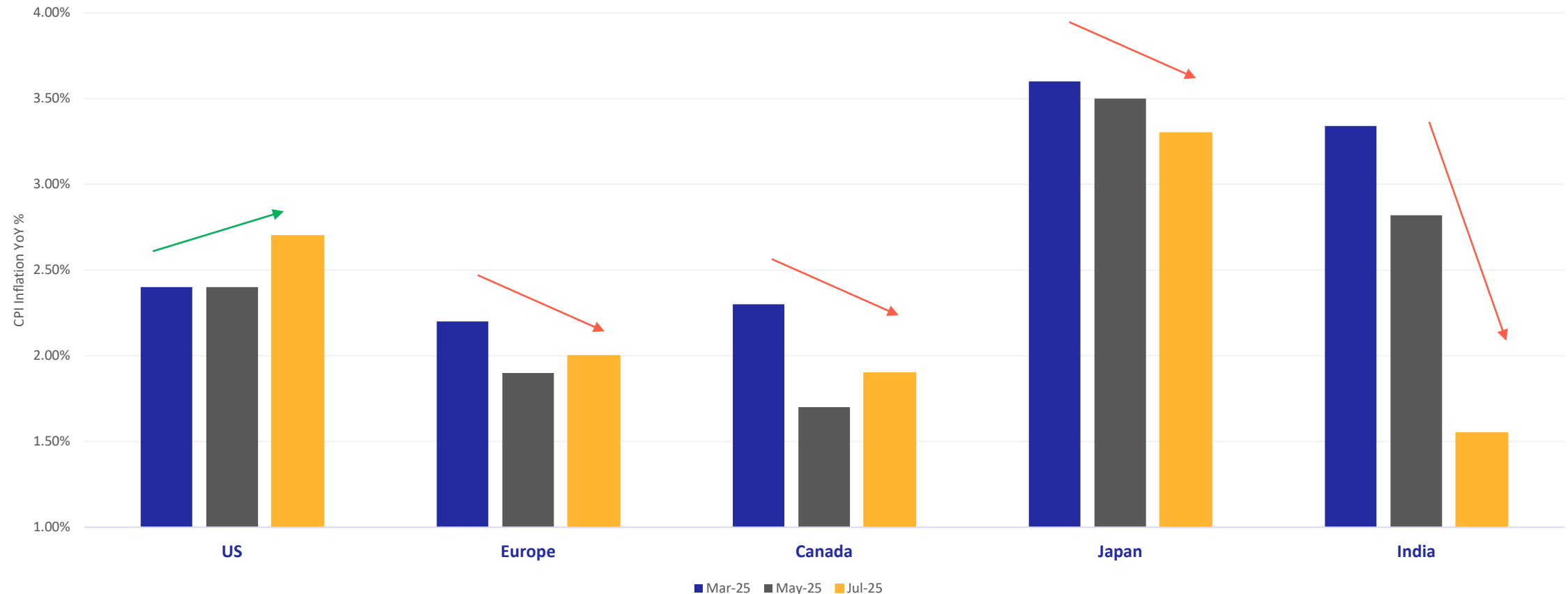
Source: Bloomberg, Ionic Wealth, Data available as in August 2025

The positive momentum was driven heavily by the mega-cap "Mag 7, whose robust earnings and high profit margins continue to dominate market returns, accounting for a disproportionately large share of index gains. Recent earnings revisions for the S&P 500 have trended more positive, mirroring historical patterns of improvement in the second half of the year. Going forward, the outlook for U.S. megacaps remains cautious, aided by AI tailwinds and resilient domestic demand but risked by policy risks, valuations and sector concentration.

Disclaimer: The use of third-party logos and trademarks in this document is for identification purposes only and does not imply any affiliation or endorsement by them.

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

While US Inflation remains sticky amid tariffs and tighter policy regime, Mar-25 vs May-25 vs Jul-25 inflation trend for other major economies have steadily gone down

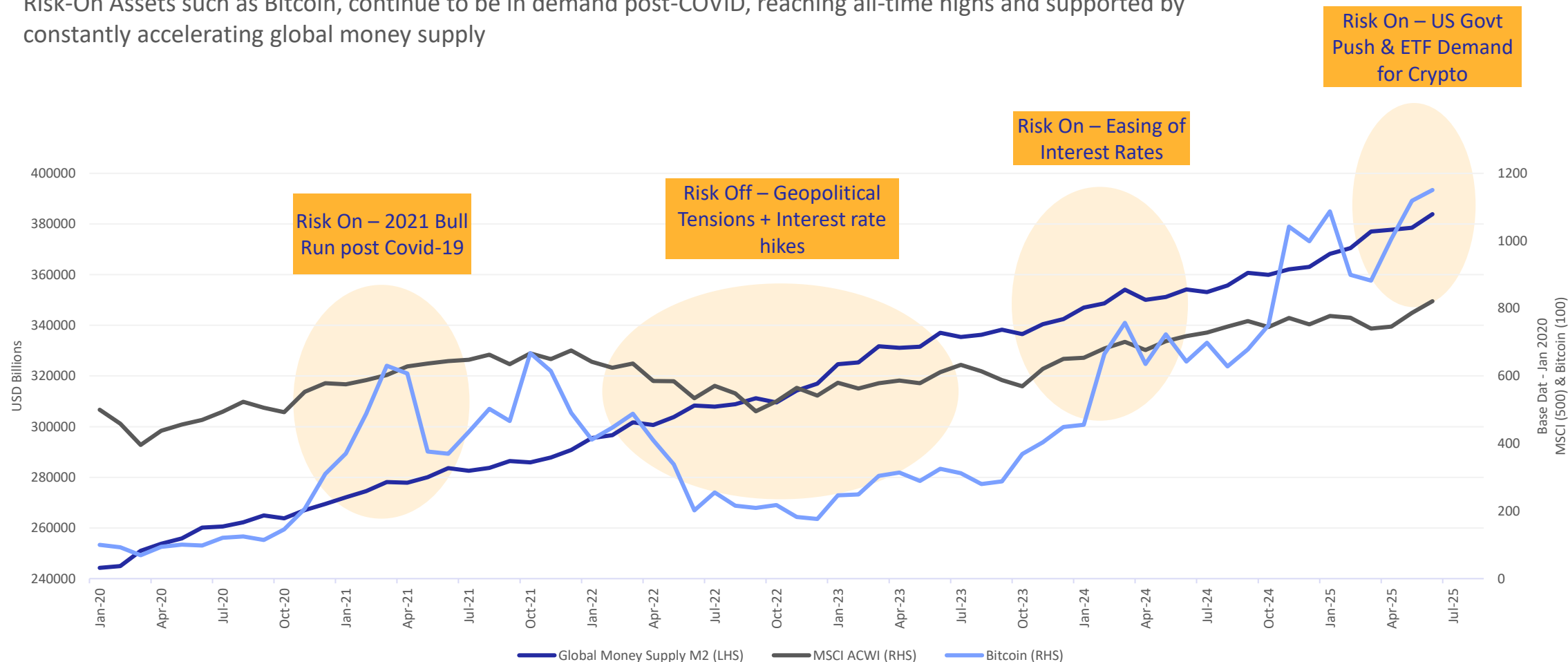


Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025

While inflation has plateaued or is easing in most major economies, it remains notably elevated in the U.S.. This persistence stems in part from the unprecedented spike in U.S. tariff rates, which reached levels not seen in nearly a century. At the same time, higher U.S. fiscal deficits and policy uncertainty remain structural inflation risks, contrasting with tighter fiscal and monetary coordination in Europe and the UK which has helped anchor price expectations abroad.

Global Money Supply keeps growing, pushing risk-on assets higher

Risk-On Assets such as Bitcoin, continue to be in demand post-COVID, reaching all-time highs and supported by constantly accelerating global money supply



*Global includes M2 Supply of Japan, Euro Zone, China & UK

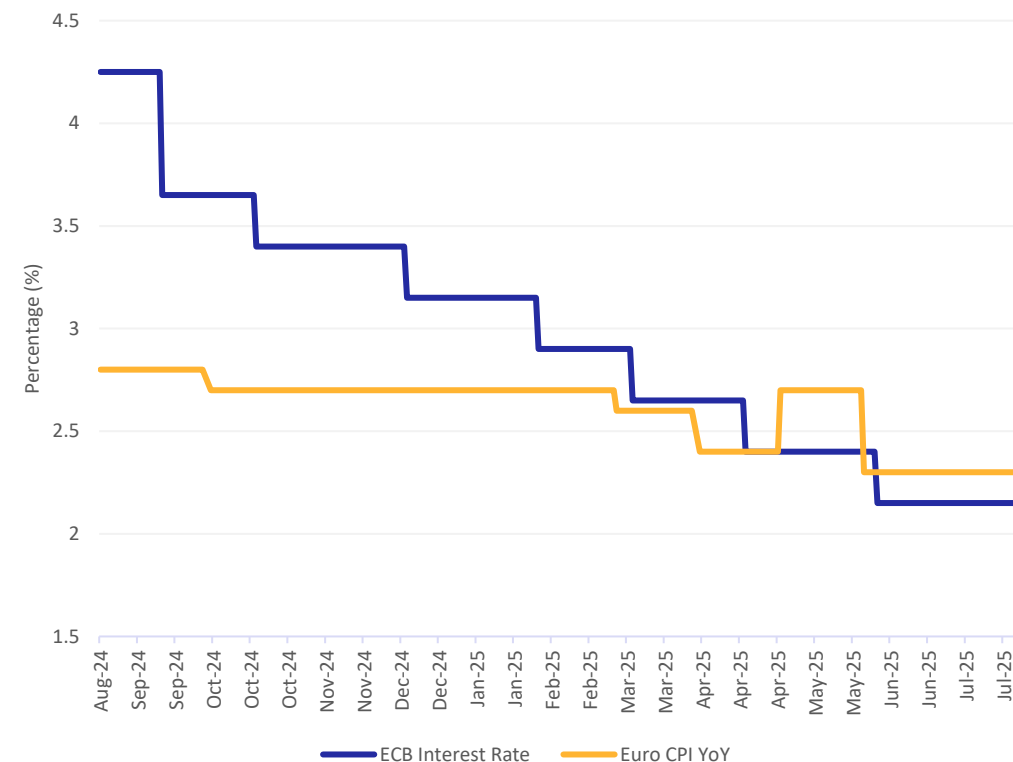
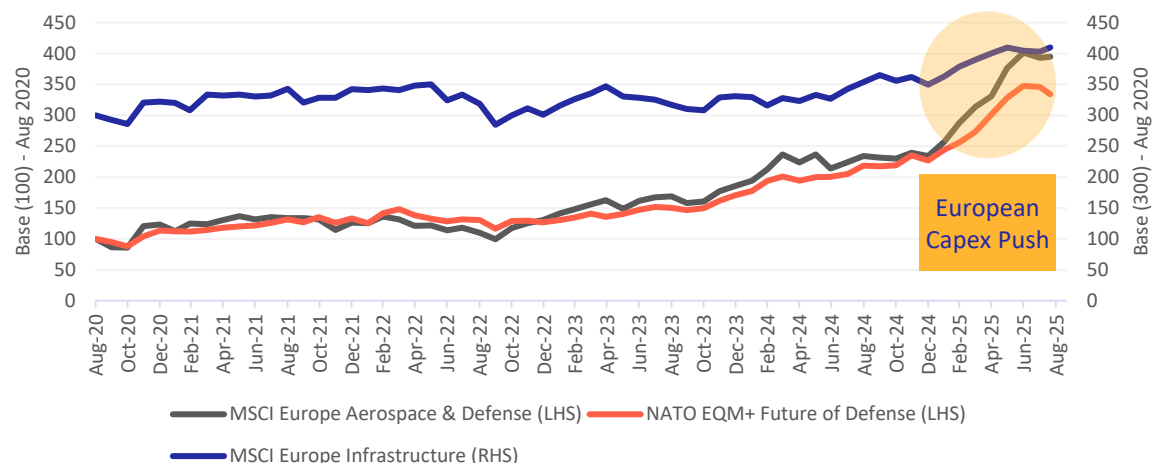
Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025

The current ample liquidity environment, coupled with resilient corporate earnings and strong household balance sheets, has supported robust rallies in risk assets. Investors remain “risk on,” with allocations favoring high-ROE U.S. large caps, Crypto, AI and infrastructure themes. Looking ahead, money supply dynamics, especially in the context of evolving mega forces and continued capital market innovation, are expected to keep fueling risk appetite.

Europe: Capex Revival, Defensive Value amid Sticky Inflation

Capex surge: “Made for Germany” sparks further EUR 631B of private investment after a series of recent commitments; aerospace, defense and infrastructure the strongest segments. Inflation: Sticky, but declining; causing ECB to take dovish but cautious stance

Recent Developments	Commitment	Notes
“Made for Germany” (July-25)	EUR 631B	60+ companies & investors
Govt. Infrastructure Fund (Mar-25)	EUR 500B	German government
Corporate Tax Relief Package	EUR 46B	Private sector stimulus
NATO Defense Spending	5% of GDP by 2035	New target for NATO allies
Defense Budget Increase	18% rise	YoY for Germany in 2024



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

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

Euro area inflation remains above the ECB’s target, driven by elevated energy prices and fiscal expansion, which has made the ECB cautious about further rate cuts despite improved economic momentum and attractive yields on government bonds. Overall, the region’s outlook is cautiously optimistic: capex-driven growth is gathering pace, especially in Germany, but the persistence of inflation and ongoing policy uncertainty mean the path ahead will likely remain volatile and uneven.

Ukraine-Russia Peace Deal: How would it unfold?

Trump's recent talks involve promises of significant US support to Ukraine (up to \$90-\$100 billion in arms, including future air support) but exclude US troops on the ground.

<h2>Scenario 1</h2> <p>Imposed Compromise on Ukraine</p> <ul style="list-style-type: none"> Zelensky under pressure for into concessions on Crimea and eastern territories as part of deal Europe and US share defense cost but Ukraine loses territory Possible ceasefire but Long-term resentment and instability risk 	<h2>Scenario 2</h2> <p>Trump facilitated Peace deal</p> <ul style="list-style-type: none"> US offers air defense, intelligence, and missile support but no ground troops Enhances Ukraine's defensive capabilities but limited deterrence Russia may test limits of air-only support. Europe to share burden 	<h2>Scenario 3</h2> <p>Ceasefire but no final peace</p> <ul style="list-style-type: none"> Russia holds onto territorial gains; Ukraine reluctant to concede Crimea or NATO membership goals Limited de-escalation; potential recurrence of hostilities Seen as realistic short-term outcome amid negotiations 	<h2>Scenario 4</h2> <p>Breakdown of Talks</p> <ul style="list-style-type: none"> Putin rejects US-led deal; Russia maintains hard stance on territorial and security demands Russian insistence on territorial recognition and NATO exclusion Continuation or escalation of conflict; diplomatic stalemate
<p>Low Likelihood</p>	<p>Medium Likelihood</p>	<p>High Likelihood</p>	<p>High Likelihood</p>

Additional insights / factors

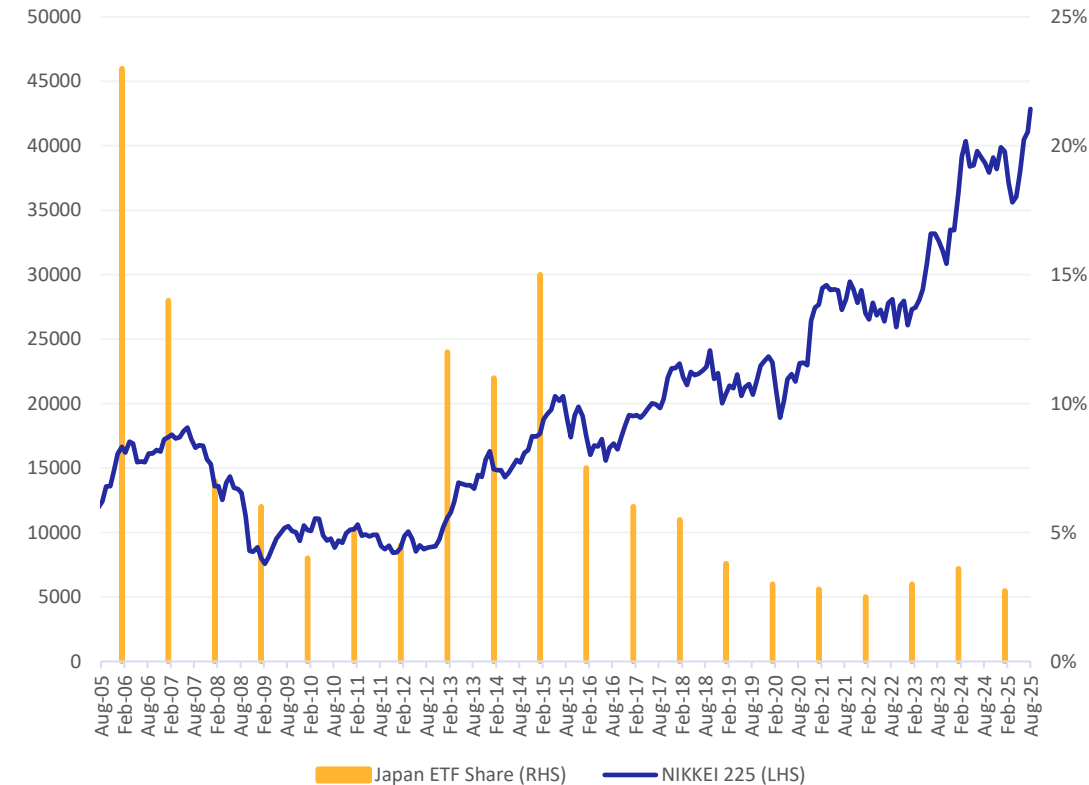
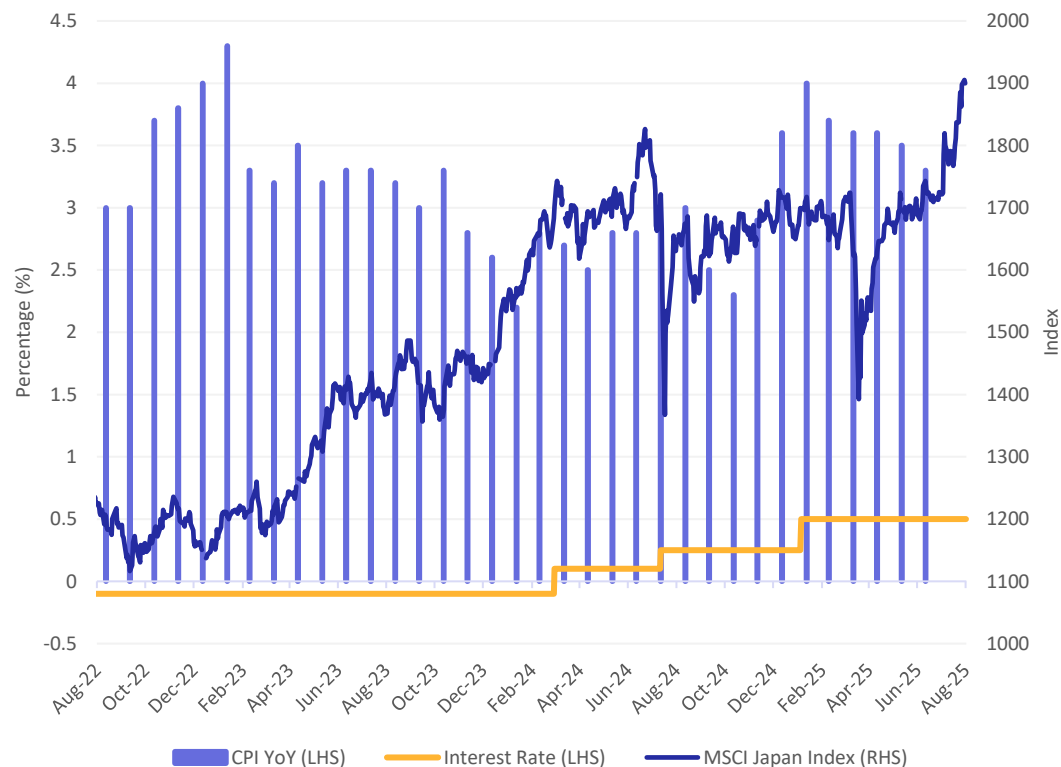
- Economic Effects:** US could reduce direct military expenditure while maintaining significant influence via military aid and security guarantees which would might shift the financial and logistical defense burden more onto European allies.
- Europe's Role:** European allies are expected to play a larger role in financing and providing military aid and possibly peacekeeping forces, though Russia rejects NATO or Western troops on Ukrainian soil.
- Putin's Demands:** Putin demands recognition of Russian territorial gains, Ukrainian military limitations, and no NATO membership; these remain major sticking points.

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

The Russia-Ukraine war began in 2014 with Russia's annexation of Crimea and support for separatists in eastern Ukraine, escalating into full-scale invasion in 2022. Since then, the conflict has caused massive human suffering and geopolitical tensions, drawing in international actors. Efforts for peace have been intermittent, with stalemates, failed ceasefires, and ongoing battles, while Ukraine receives substantial Western military and economic support. The future depends on sustained diplomacy, enforcement of agreements, and balancing international interests.

Japan: Above-Trend Growth, Still Under-Owned; BoJ's stance selective

Japanese Equities trading at all-time highs, but global allocation remains light as the Bank of Japan steadily tapers its bond purchases and signals further rate hikes.



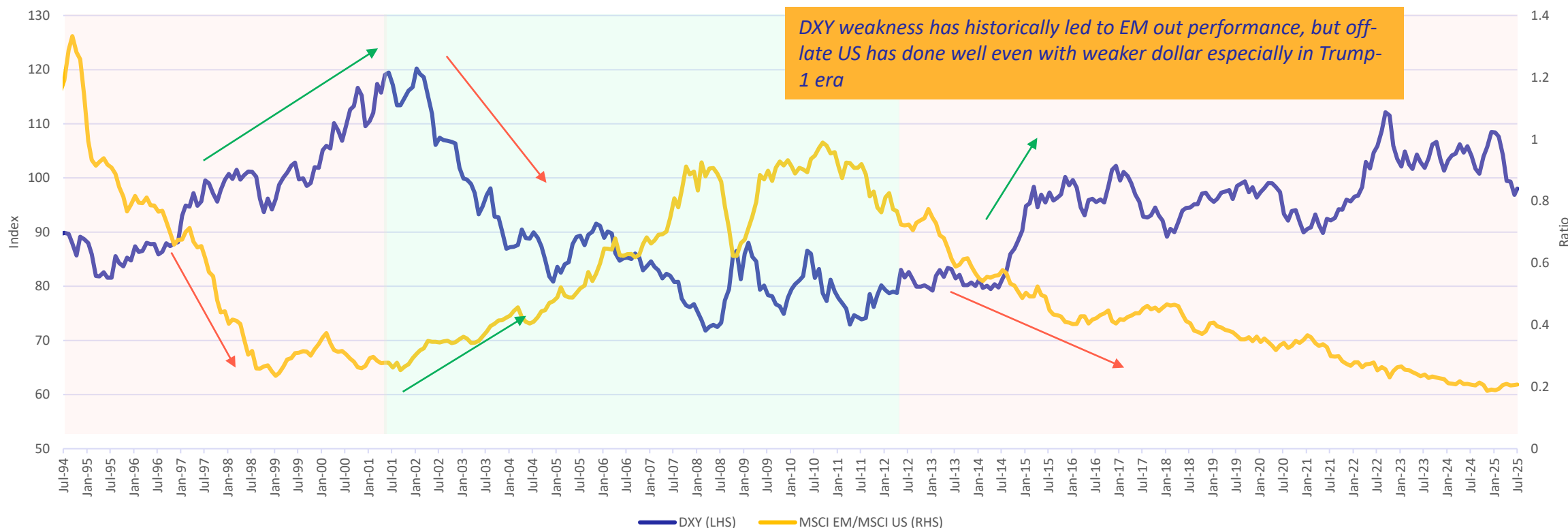
Source: Bloomberg, Ionic Wealth, Data available as in August 2025

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

Japan's markets in August 2025 continue to stand out amid global volatility, benefiting from strong capital expenditure trends and a renewed focus on defense and infrastructure. Japanese government bonds (JGBs) are attracting foreign inflows as the yield curve remains steeper than peers, but strategists expect room for yields to rise further. 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.

DXY weakness is positive EMs

Periods of sustained DXY weakness—such as 2002–2007 and 2017—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.



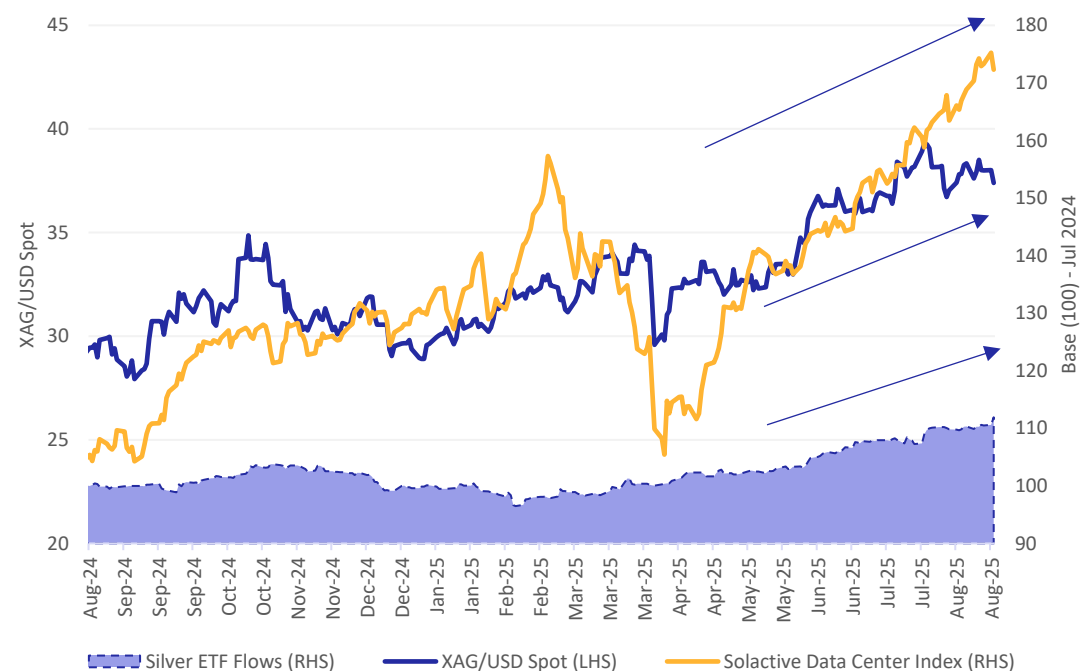
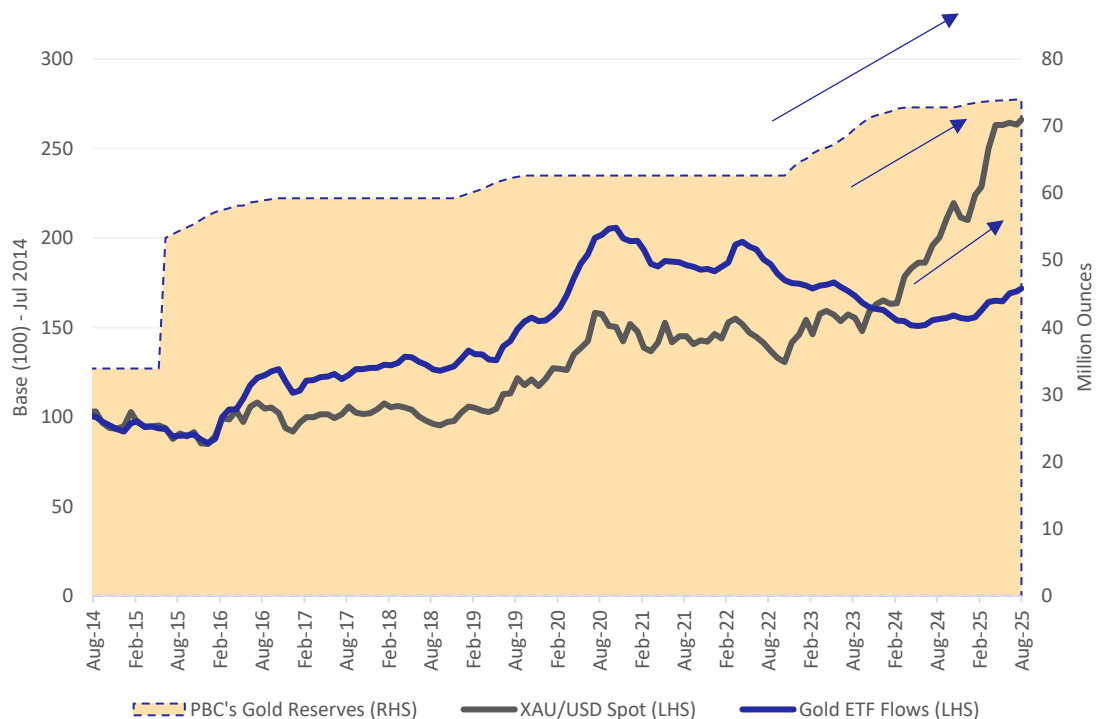
Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025

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.

Gold & Silver continue to shine

Gold remains 2025's star, up 28% YTD. Global ETF inflows are on pace for their second-strongest year on record supported by China's central bank's gold buying

Silver ETFs witnessed modest inflows, mirroring industrial optimism surging from the expansion of data centers, where its conductivity is vital for large-scale AI-driven infrastructure



Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025

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

Gold's robust performance, was driven by global policy uncertainty, persistent inflation risks, and record levels of government debt, making it a prime portfolio hedge amid elevated volatility and richly valued U.S. dollar. ETF flows into gold have strengthened, reflecting its renewed appeal among investors, especially as traditional safe havens face yield pressure and duration risk. China's central bank continues aggressive gold buying, underscoring its strategy to diversify reserves away from the U.S. dollar—a trend fuelling further price support for gold globally.

Emerging Markets

Korea :

Bullish as global supply chain shifts



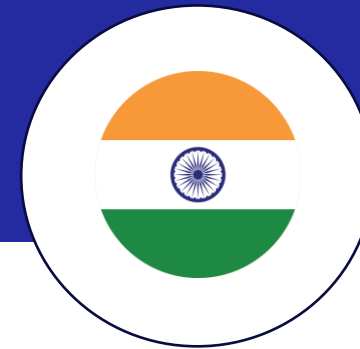
China:

Stimulus Continue



India :

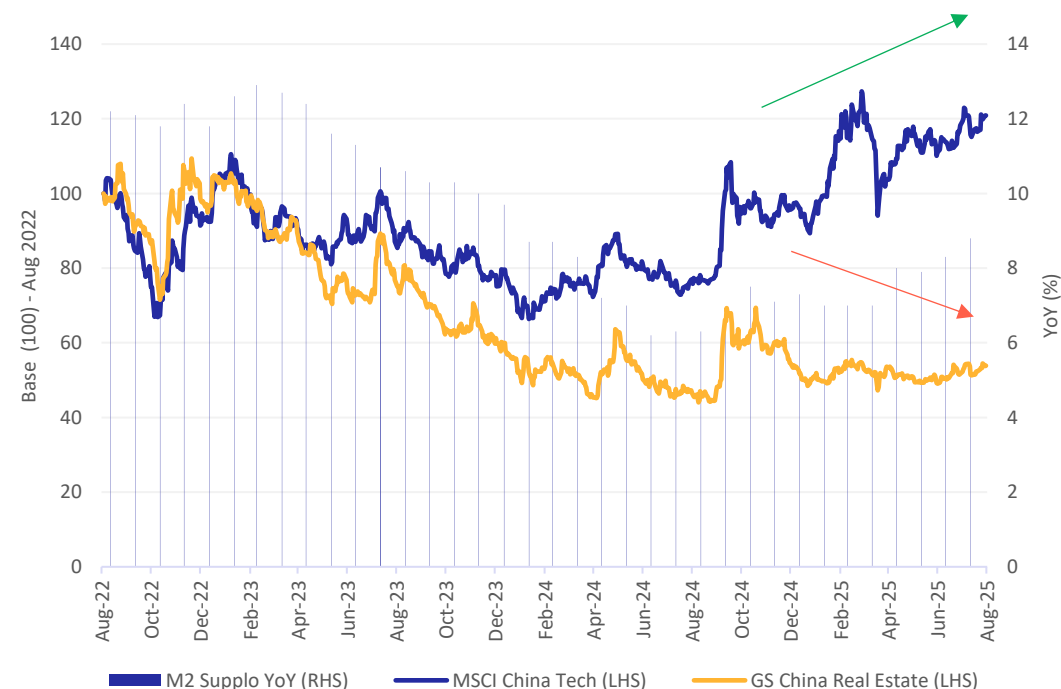
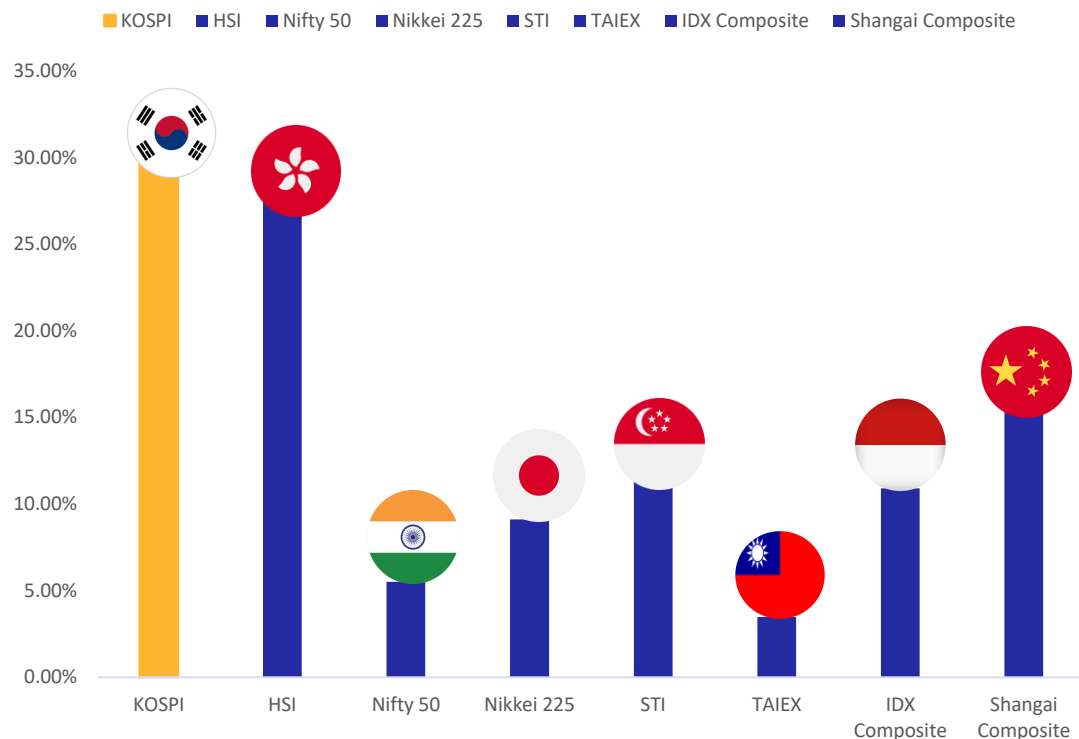
Government Capex support and GST Rate Rationalization to be key drivers of growth, return of FIIs awaited



Emerging Markets revival strong

Korea: KOSPI leads Asia YTD, up over 30% on corporate governance reform, record global inflows, and earnings rebound.

China: Earnings revival mainly in tech (AI, EVs, green infra); stimulus supports further upside even amid real estate drag.



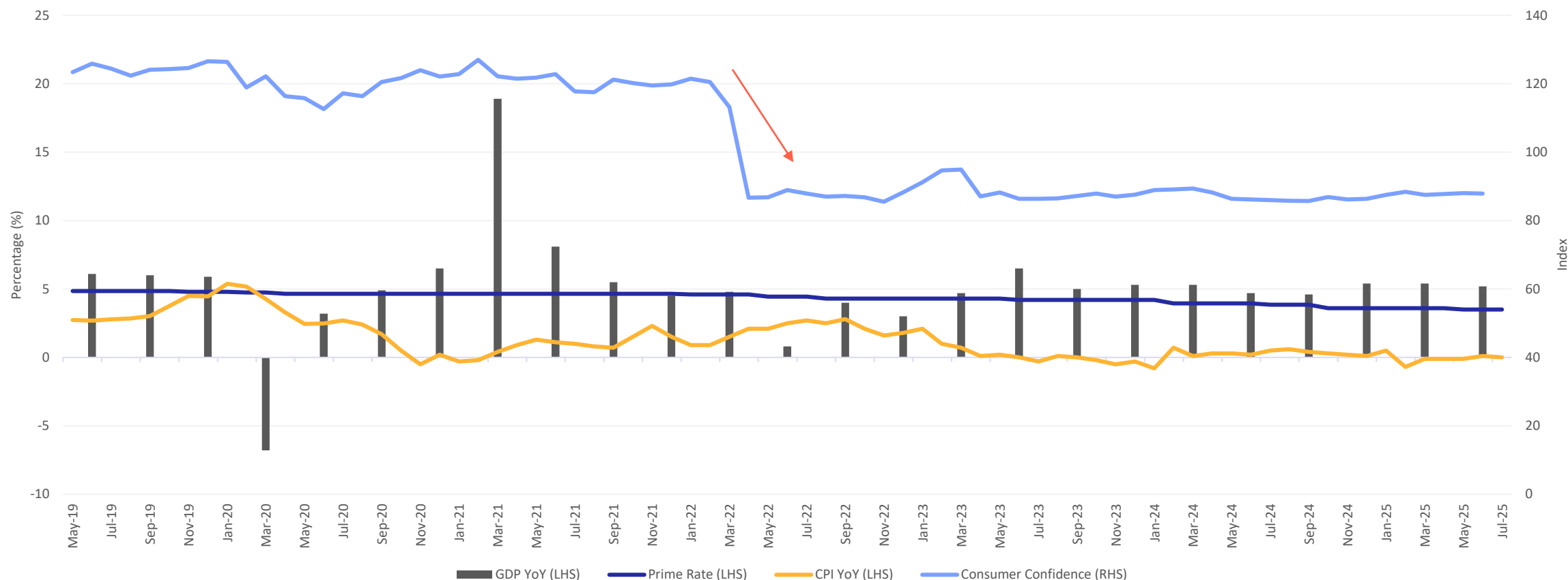
Disclaimer: Country flags shown are purely representational and intended for visual illustration.
Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025

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

EM overall is favoured for its attractive yields, improving domestic fundamentals, and reform tailwinds, especially in countries embracing structural changes and benefitting from mega trends like digitization, re-shoring, and energy security. While global headwinds such as U.S. policy volatility and geopolitical risks persist, active managers are finding compelling opportunities in markets where reforms drive resilience and sector-specific catalysts underpin growth

China: Growth, inflation & interest rates steady, sentiment building up

GDP growth running steady at ~5%, with improved policy support but real estate weakness persists. Consumer confidence is rebuilding but still subsidized when compared to pre-2022 levels. Prime rates have steadily fallen to support growth while inflation near flat 0.

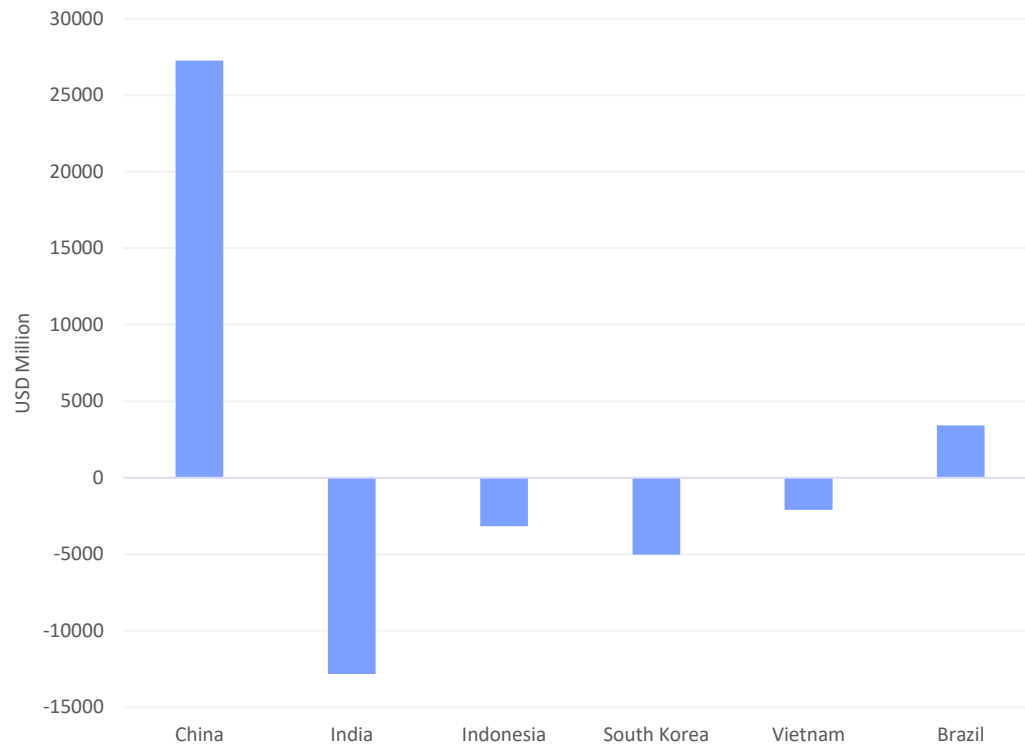


Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025

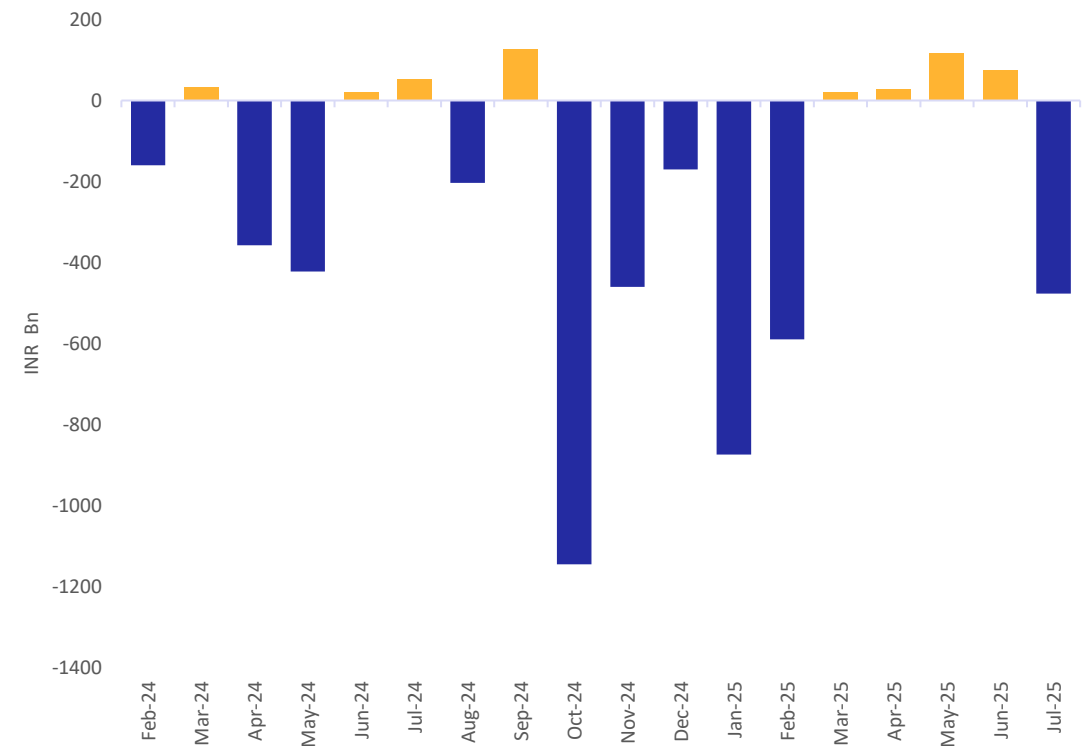
Growth and inflation in China are stable, with real GDP projected to maintain a 4.3% pace, both in remaining 2025 and 2026, while inflation is expected to stay low (0.5–1.0%). The People's Bank of China continues a policy of modest easing, keeping benchmark rates low (1.0–1.25%), which is helping to underpin economic activity. In this environment, consumer confidence is gradually strengthening as supportive policies and a rebound in service sector activity bolster the outlook, though investment and export headwinds continue to weigh.

India: FIIs continue to be sellers in the India Market

Amidst dollar weakness FIIs chase cheaper valuations, where India stood at a disadvantage



India saw Heavy FII Outflows in the last one year which kept the markets flat






Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025. China data available as of June 2025

Source: Bloomberg, Ionic Wealth, Data available as in August 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: Impact of GST reform changes

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

Current 4 slabs 5%, 12%, 18%, 28%	New System Primary - 5%, 18% Sin Tax - 40%	
		
12% -> 5% Items like dairy, packaged foods, juices moving to lower slab	28% -> 18% Autos, consumer durables, cement getting significant relief	40% Sin Tax - Tobacco, online gaming remain heavily taxed

 **0.6% GDP Stimulus**

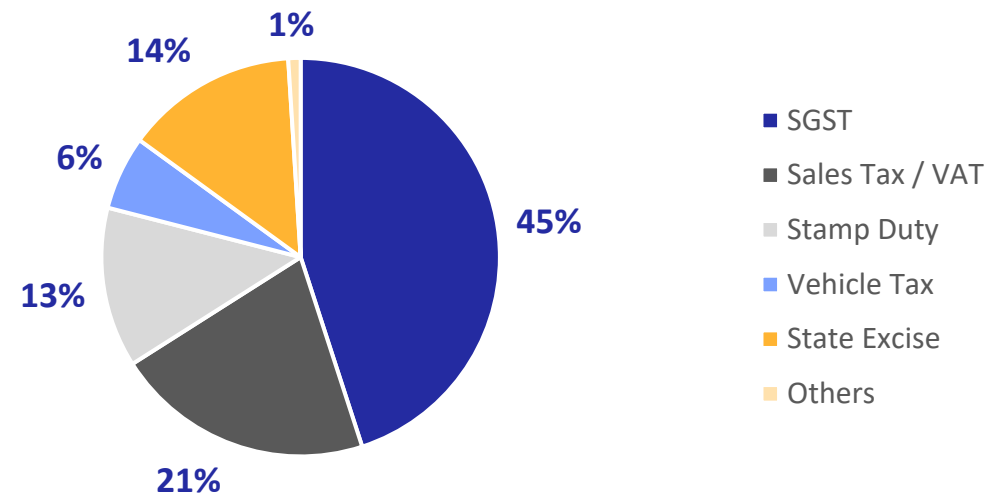
Estimated economic boost as percentage of GDP from tax rationalization

 **50-60 bps CPI Reduction**

Expected decrease in consumer price inflation as tax cuts flow through to retail prices

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

Fiscal Impact: Approx. revenue loss of 0.4% of GDP (annualized); States would lose more than Centre. 0.2% of fiscal slippage for Centre



The majority of Centre's GST revenue accrues from the 18% slab

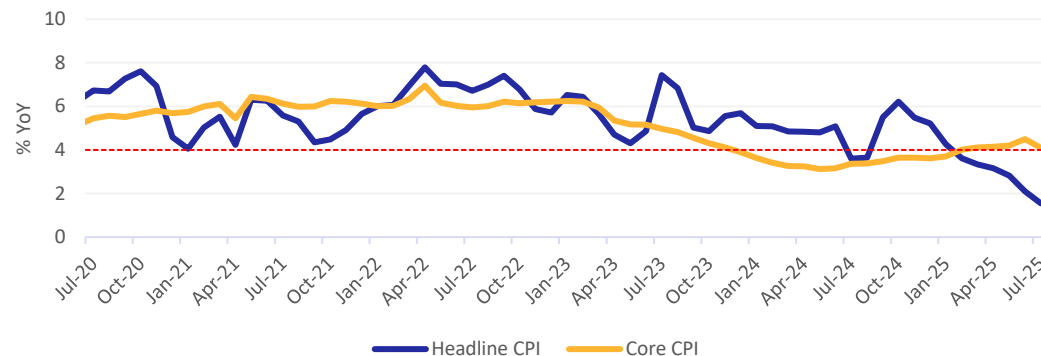
GST Slab	GST Revenue
5%	6-8%
12%	5-6%
18%	70-75%
28%	13-15%
Others	1-2%

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

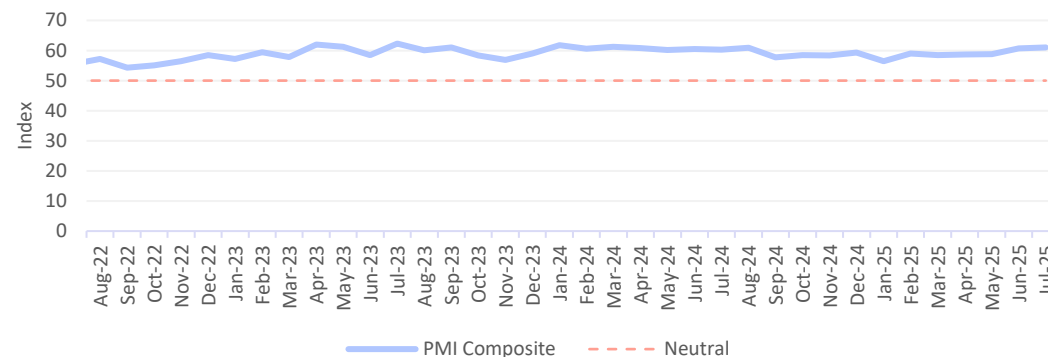
The new GST reforms in India, are set for implementation before Diwali 2025. This rationalization is expected to reduce tax burdens for key sectors such as consumer durables, automotive, FMCG, and cement. The tax cuts are anticipated to boost consumption and volume growth, especially benefiting mid-cap consumption stocks and rural demand but would also lead to fiscal slippage. Overall, the reforms aim to accelerate formalization and consumption-led growth across the economy

India: High Frequency Data Check

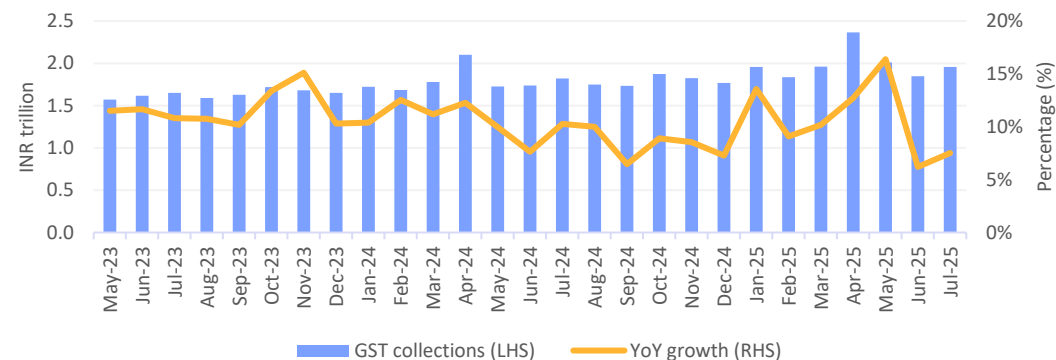
CPI Inflation fell to 1.55%, firmly below the RBI's wide tolerance band of 2%-6% for first time since 2019, due to falling food prices



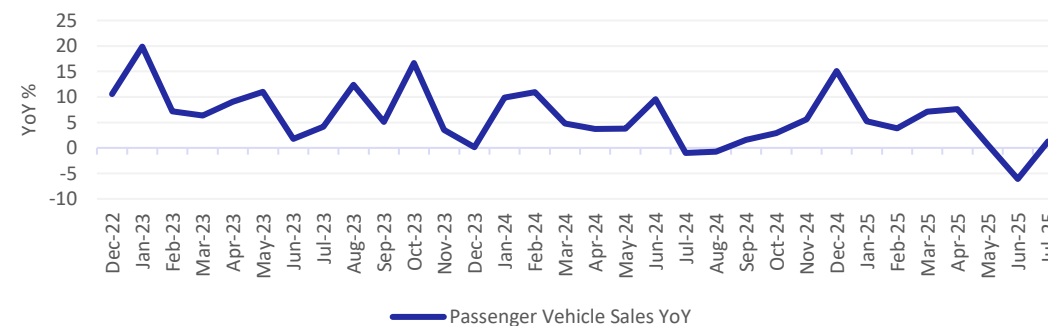
Composite PMI showed steady strength, reaching its highest since April 2024, underpinned by robust services activity, which saw its fastest expansion in 11 months, and manufacturing growth near 18-month high.



India's GST Revenue Growth Regains Strength with 8% YoY Expansion



Passenger Vehicle Sales See Moderate Recovery After Consecutive Declines, Signaling Uptick in Consumer Sentiment



Source: Bloomberg, Yardeni, Ionic Wealth, Data available as in August 2025

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

CPI trend reflects a mild easing in inflation, supported by sharp fall in food prices especially vegetables, pulses and cereals along with a favourable base effect. The PMI Composite index continues to show moderate expansion, indicating sustained business activity amid ongoing tariff and trade uncertainties. GST collections remain robust demonstrating tax compliance and economic resilience. Passenger vehicle sales, especially small cars and two-wheelers, are projected to see volume growth driven by GST rate cuts. Overall, these high-frequency metrics suggest India is navigating its growth trajectory with improving consumption and production dynamics amid structural reforms.



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.