

**IONIC WEALTH**  
BY ANGEL ONE

# The Investing Pantheon

December 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.

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## 2025: A Look In Rear View Before Looking At Windshield

Global economy in 2025 was burdened with higher volatility and uncertainty amid persistent trade tensions under the Trump administration, inflationary risks and global central banks maneuvering through shiftily changing growth-inflation dynamics. Demand for safe haven assets increased amid persistent uncertainty and also as investors aimed for higher diversification in their portfolios. Truly, it turned out to be **"Year Of Asset Allocators"**, as we had envisaged. On the other side, investors poured massive money into tech and related themes driven by rising enthusiasm around its transformative potential.

### US Tariffs- Inflationary For US, Disinflationary For ROW, What Will US Do With Tariff Revenue Is Key Question For 2026

Higher US tariffs and uncertain trade policies disrupted global supply chains, raising effective tariff rates and contributing to financial volatility. For the US, till now, higher tariffs have turned out be inflationary, accompanied with lower jobs, although more tariff revenue for the government coffers. ***Will the money be used to stimulate further or curb debt?***

### Precious Metals: Delivered And How, More Juice Likely In 2026

Precious metals including silver, gold, platinum and palladium delivered standout performance in 2025, decisively outperforming DM as well as EM equities. Safe-haven demand, strong central bank buying of gold, industrial demand for silver, platinum and palladium, accompanied by supply shortage drove the uptrend. ***Can this continue in 2026? We think so, although we remain data dependent.***

### World Ex US: Both US And ROW Equities Ended Positive But ROW Outperformed US After 2 Years

The end of American exceptionalism did brew in 2025 with ACWI ex US (29.2%) outperforming US (17.8%). While US has earnings, valuations favored rest of the world. ***We believe this will likely continue into 2026.***

### Global Tech Rally Was A Dominant Theme

What primarily started as a prominent theme in the US, largely driven by the AI boom and strong earnings from companies in US, swiftly spread across tech supply chain heavy countries like China, Japan, Korea and Taiwan during the year with their equities outperforming even the US counterparts given the cheaper valuations. ***About 30% of global wealth now sits in tech stocks which means its fate now determines many macro variables.***

### Weak Dollar, Weaker INR

We had highlighted that DXY depreciation can come in tandem with INR depreciation, and the year saw just that. INR touched 90 level towards the fag-end of 2025, becoming the worst performing Asian currency, saddled with long pending trade deal with the US and foreign investor outflows. ***We foresee a limited case for INR appreciation hereon.***

***The investing environment for 2025 demanded constant vigilance, proactiveness and agility to navigate through rapidly evolving market dynamics. Amidst this, active managers were the ones that were able to create higher value for investors. We believed and continue to believe a diversified portfolio across geographies and commodities would be the ideal approach to navigate through intermittent volatility and to enhance risk-adjusted returns.***

# 2025: Truly The ‘Year Of Asset Allocators’, Diversified Equity + Precious Metals Won, Bonds Lagged

Year 2025 was the year of precious metals led by silver & platinum, and a strong run for the AI and tech theme in global equities. EMs also witnessed a reversal, outperforming DMs (by ~9.3%) after 2020 and US markets (by ~12.2%) after 2017.

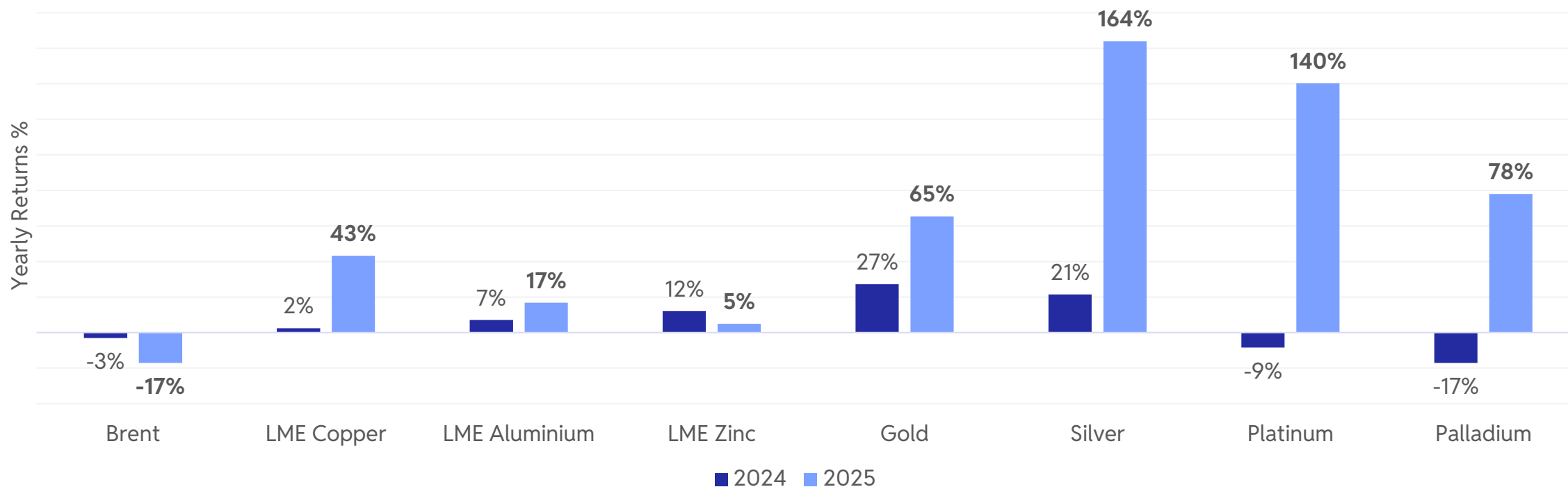
Global Asset Performance %											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Silver	-11.9	15.0	6.3	-8.5	15.2	47.9	-11.7	2.8	-0.7	21.5	164.0
Platinum	-26.2	1.3	2.8	-14.3	21.5	10.9	-9.6	10.9	-7.7	-8.5	140.3
MSCI Korea	-1.8	10.2	29.0	-19.3	14.4	34.0	-1.6	-26.4	23.9	-13.7	87.1
Palladium	-29.4	21.0	56.2	18.6	54.2	25.9	-22.2	-5.9	-38.6	-17.1	78.0
Gold	-10.4	8.1	13.5	-1.6	18.3	25.1	-3.6	-0.3	13.1	27.2	65.3
MSCI LATAM	-32.9	27.9	20.8	-9.3	13.7	-16.0	-13.1	-0.1	25.1	-30.4	46.7
LME Copper	-25.3	17.7	30.9	-17.7	3.5	25.8	25.2	-13.9	2.2	2.4	43.2
MSCI EM	-17.0	8.6	34.3	-16.6	15.4	15.8	-4.6	-22.4	7.0	5.1	29.9
MSCI Taiwan	-11.0	12.7	14.3	-8.9	28.3	28.6	21.6	-24.7	26.7	40.9	29.5
MSCI ACWI Ex US	-8.0	1.7	24.1	-16.4	18.1	8.2	5.5	-18.3	12.6	2.9	29.2
MSCI China	-10.1	-1.4	52.3	-20.3	20.4	26.7	-22.4	-23.5	-13.2	15.7	29.0
MSCI Japan	8.1	-2.6	17.6	-16.8	16.0	6.6	11.4	-6.6	25.9	18.5	22.4
MSCI ACWI	-4.3	5.6	21.6	-11.2	24.0	14.3	16.8	-19.8	20.1	15.7	21.6
MSCI World (DM)	-2.7	5.3	20.1	-10.4	25.2	14.1	20.1	-19.5	21.8	17.0	20.6
MSCI US	-0.8	9.2	19.5	-6.3	29.1	19.2	25.2	-20.8	25.0	23.4	17.8
LME Aluminium	-18.7	12.3	34.0	-18.6	-2.0	9.4	41.8	-15.3	0.3	7.0	16.8
MSCI Europe	5.5	-0.5	7.3	-13.1	22.2	-5.4	22.4	-11.9	12.7	5.8	15.7
Ishares EM Bonds	1.0	9.3	10.3	-5.5	15.5	5.4	-2.2	-18.6	10.6	5.5	14.2
Ishares Iboxx High Yield Corp	-5.0	13.4	6.1	-2.0	14.1	4.5	3.8	-11.0	11.5	8.0	8.6
Ishares US Treasury 7-10Y	1.4	0.6	2.7	0.6	8.9	9.7	-3.0	-14.6	3.0	-0.2	8.0
MSCI India	-3.0	-0.3	28.7	-0.2	8.5	16.8	27.3	1.6	20.3	14.3	7.7
Ishares 20+ Year Treasury Bond	-1.8	1.2	9.2	-1.6	14.1	18.2	-4.6	-31.2	2.8	-8.1	5.3

## 2025 Stories That Can Further Mature In 2026

<p><b>1</b></p> <p><b>Rest of the world may continue to outperform US</b></p>	<p>There are no substantial periods in history after 1990s when US has been negative and ROW has been significantly positive. US will likely be positive but alpha may tilt to other economies. However, fed rate cut + fiscal stimulus is a key risk here, it will be possible to inflate the economy and spark the resilient earnings with supportive policy</p>
<p><b>2</b></p> <p><b>Precious metals may hold ground</b></p>	<p>The precious metals trade has macros, fundamentals and technicals going for them. While we remain data dependent, our near-term view is positive.</p>
<p><b>3</b></p> <p><b>Global commodities ex oil can likely see turnaround maturing</b></p>	<p>Base metals, in particular, can do well as demand exceeds supply, dollar eases and stimulus revives global growth. If not for global growth revival, the trade may come under pressure.</p>

# Precious Metals Basket Outperformed Base Metals and Oil in 2025, Oil Likely To Remain Benign in 2026 But Base Metals Can Play A Catchup

Robust demand among investors for safe-haven and inflation hedge assets as well as growing industrial demand for metals like silver, platinum and palladium along with tight supply led to a strong performance of the precious metals basket. Base metals like copper and aluminium performed better than last year amid tighter supply along with better demand driven by global energy transition, infrastructure investment and weaker dollar.

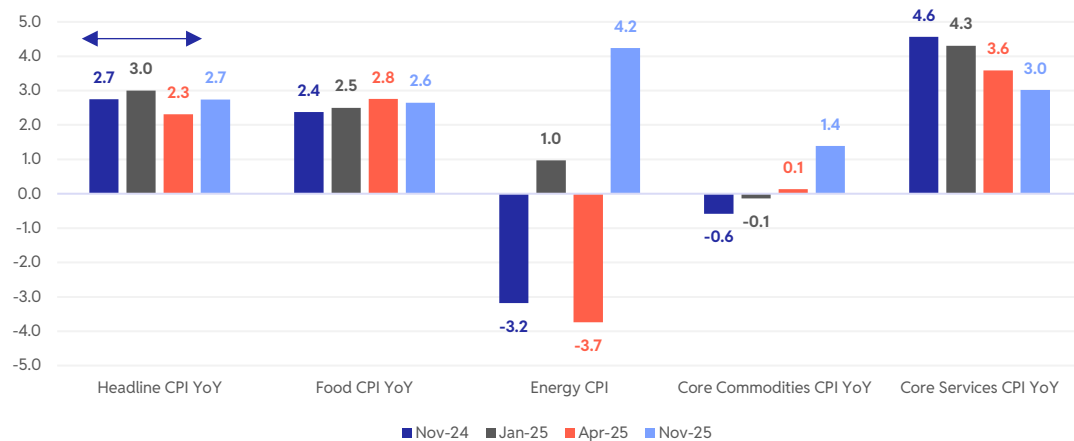


Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

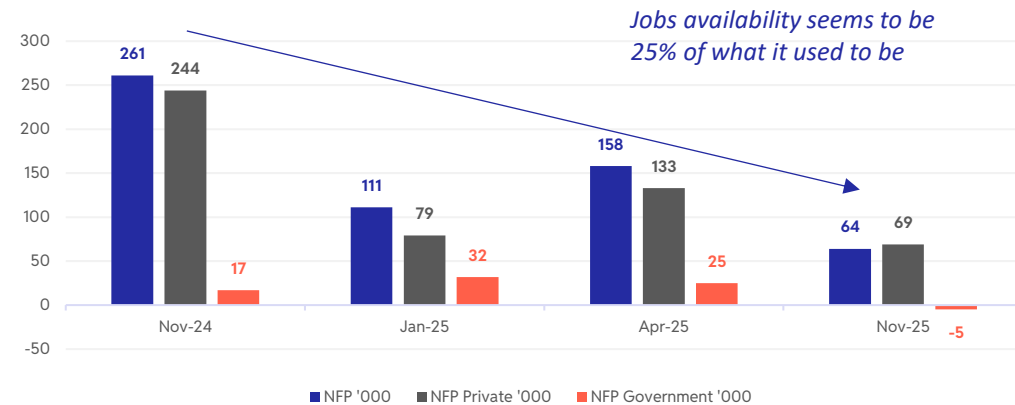
Going into 2026, Brent oil prices are likely to remain benign amid persistent supply surplus along with gradual global energy transition. On the other hand, base metal prices are expected to continually benefit from improving global demand and weaker USD.

# A Year Of Tariffs: Resilient Inflation, Rising Unemployment—But Higher Government Revenue, What’s Next? Fiscal Stimulus or Better Gov Finances?

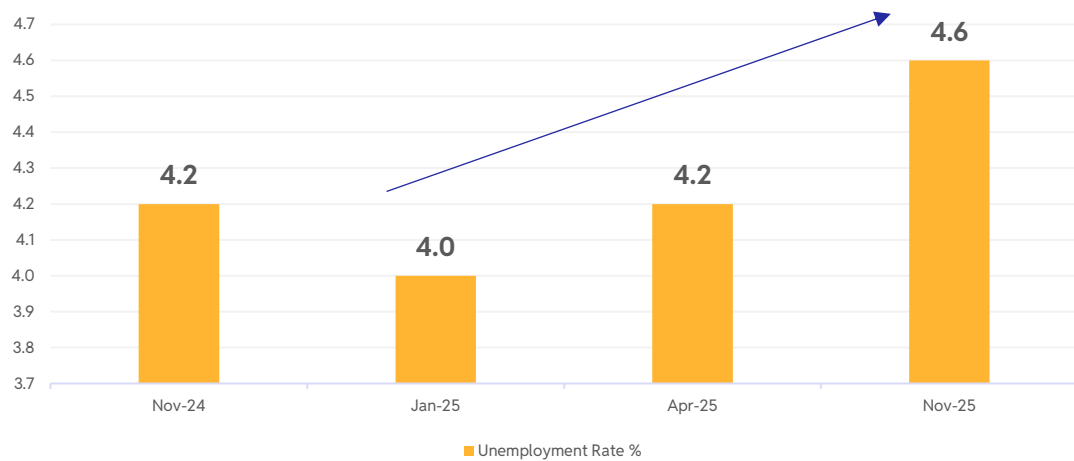
Headline inflation has been surprisingly resilient and is most likely a function of poor demand...



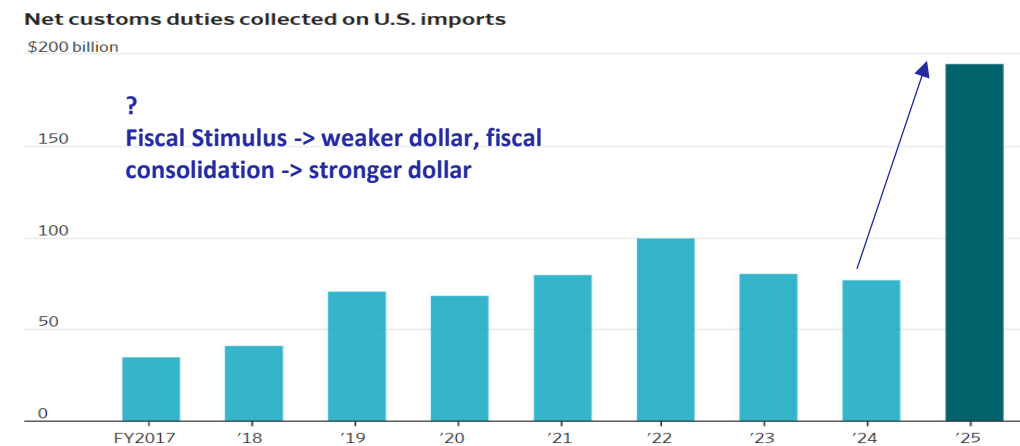
...which is struggling with falling availability of jobs across sectors with DOGE leading the way



Unemployment rate has shot up...



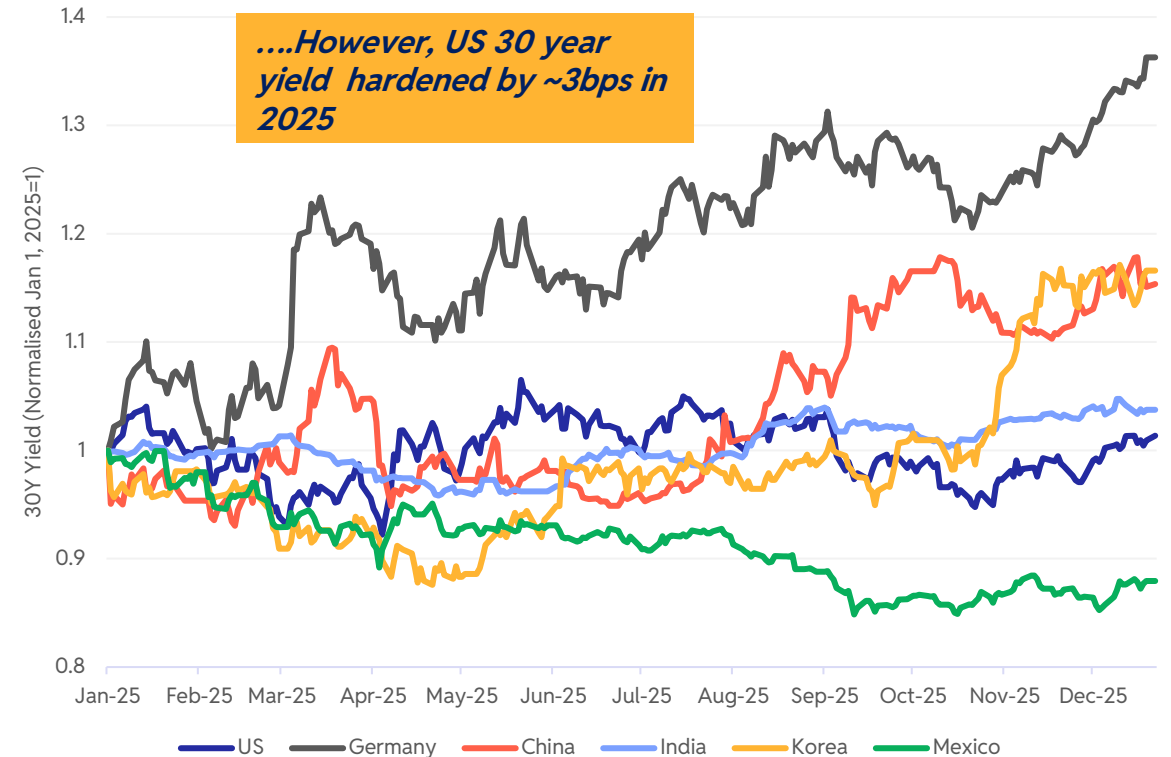
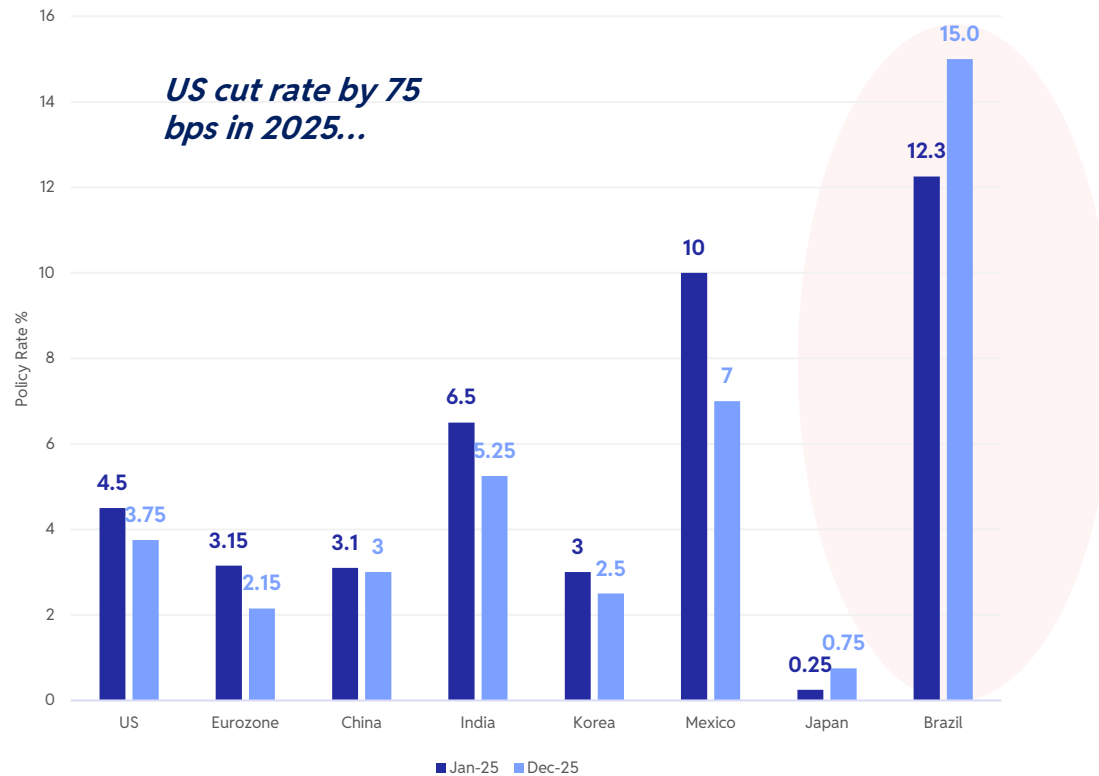
Key Question: Can additional revenue be used for fiscal stimulus or to prudently curb the debt? All eyes will be on Trump policies in 2026



# The Year Of Rate Cuts But Rising Yields, Paradox Best Explained By Poor Gov Debts

Most major economies continued with the rate cuts this year ex of Japan and Brazil which had their own idiosyncratic macros

...and yet Global yields will potentially be ending the year at highs



Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

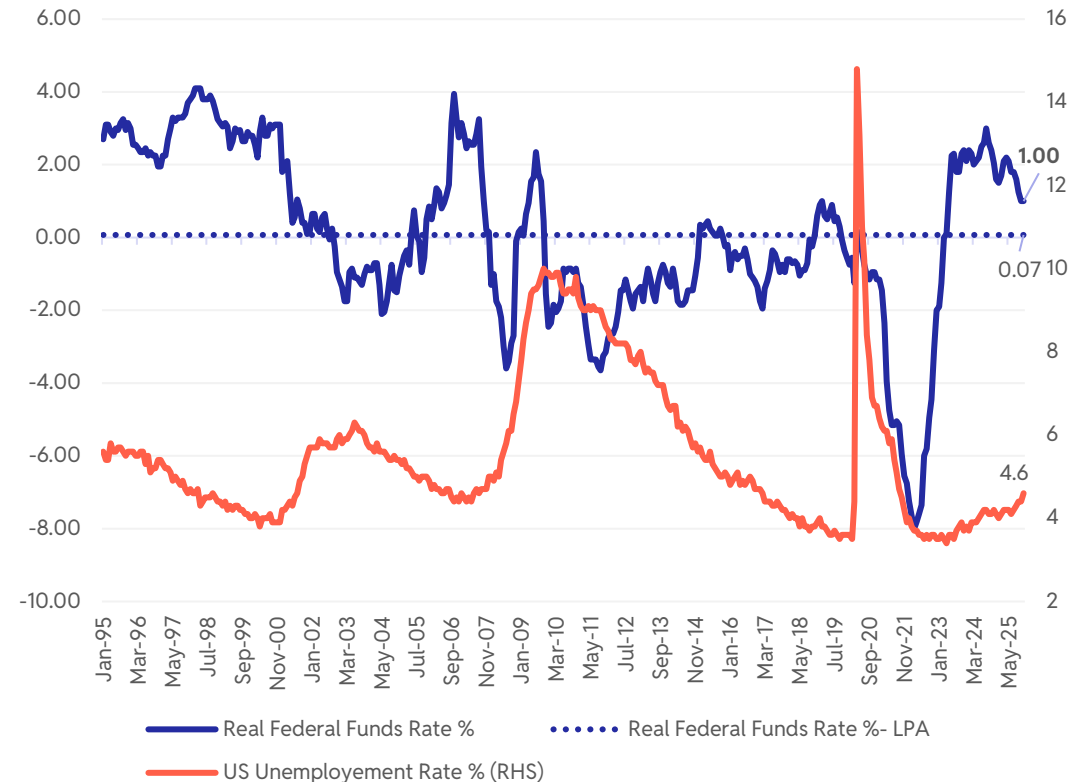
Rising debt levels for most of the key economies and persistent inflation risks amid higher tariffs and complicated trade relations have kept the global long-term yields elevated despite easy monetary policy. Higher yields impact government borrowing cost thereby adding to the already higher debt burden. complicated trade relations have kept the global long-term yields

# 2026: More than 25 bps rate cut plausible, Can Keep The Markets Buoyant

Would the Fed be able to go ahead with a shallow rate cut cycle? Or would it mirror past rate cut cycles?



Real policy rate remains elevated, as unemployment rate continues to edge up— calls for a deeper and prolonged rate cut cycle?



Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

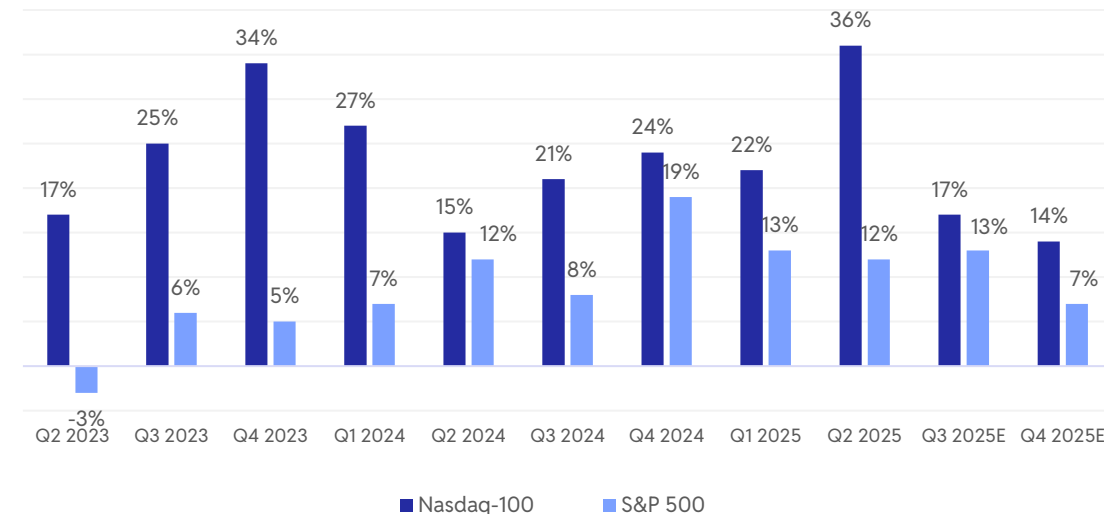
**History suggests that whenever the Fed has embarked on a rate cut cycle, there have been deeper rate cuts instead of a more calibrated approach. This time around, the current Fed Chair has distinctly adopted a data-dependent stance, amid lingering inflation risks. Whether, this policy approach would continue after the new Chair is appointed, remains a key question.**

# US Has Been led By Tech, But Tech Vals Are Now Lower Than Start Of The Year

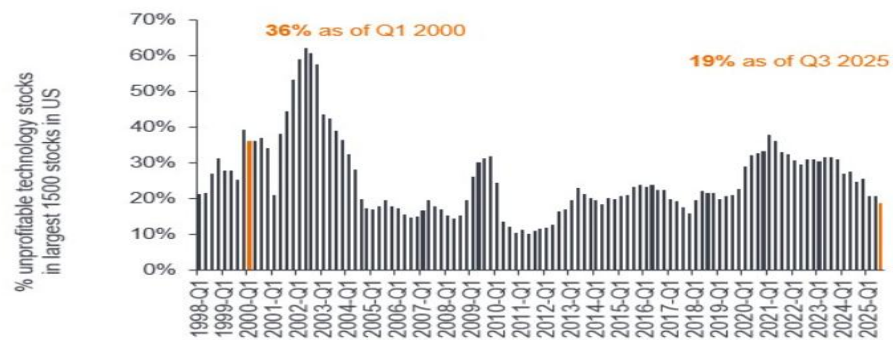
S&P 500 vals are higher than LTA of 17X led by tech...



...But It Is The Robust earnings that have kept the investors comfortable

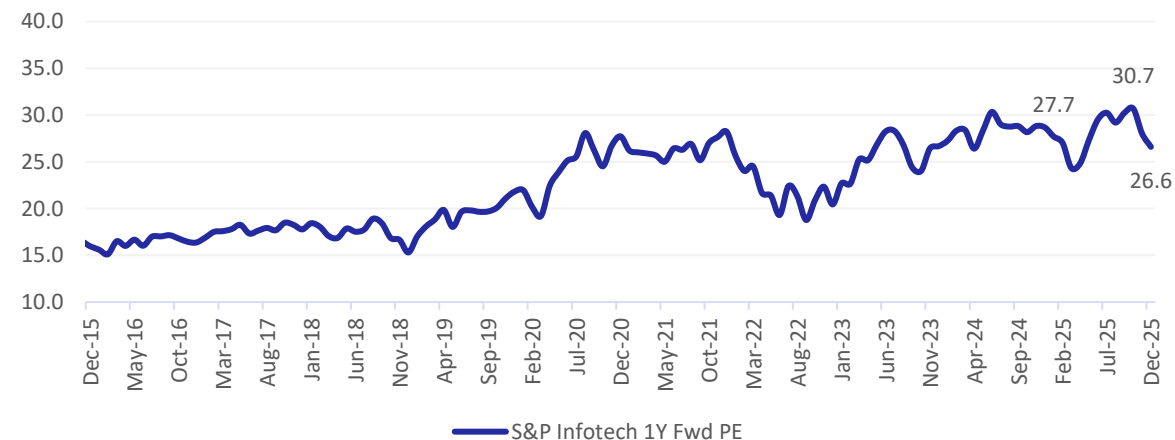


There are less unprofitable cos in the tech index, showing healthier financials...



Source: Bernstein, as at 3 September 2025. Unprofitable Technology stocks (# Unprofitable Technology Stocks/Total number of Technology Stocks in Largest 1500 stocks in US). **Past performance does not predict future returns.**

...and tech valuations are now lower than start of the year, and also materially lower than the peak made in October



# EM Story Has Turned At The Margin, And With Weaker Dollar Can Be A Start Of Long-Term Trend

EMs outperformed US markets in 2025 for the first time since 2017 reflecting a potential turnaround in global market dynamics



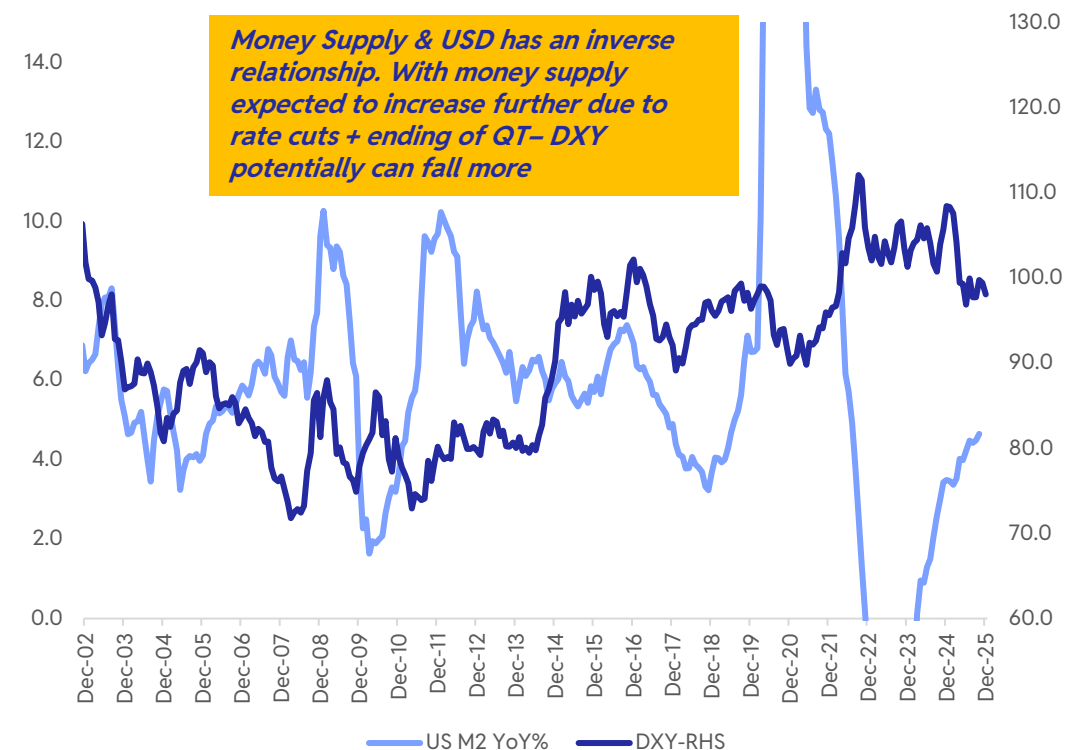
Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

**The EM market momentum could continue into 2026, led by higher diversification, USD weakness and improving macroeconomic scenario in emerging markets.**

# As USD Weakened, Most of The Key Currencies Gained...USD Weakness Could Persist in 2026 As Well

2025 year was clearly not the year for USD, which suffered brutally and depreciated by ~9%. Currencies that stood out were EUR and LATAM including BRL & MXN.

	Dec-23	Dec-24	Dec-24	Dec-25	2024	2025
<b>DXY</b>	101.3	108.5	108.5	98.2	7.1%	-9.4%
<b>USD/CNY</b>	7.1	7.3	7.3	7.0	-2.8%	4.2%
<b>USD/INR</b>	83.2	85.6	85.6	89.8	-2.9%	-4.9%
<b>USD/KRW</b>	1288.1	1472.0	1472.0	1439.8	-14.3%	2.2%
<b>USD/JPY</b>	141.0	157.2	157.2	156.4	-11.5%	0.5%
<b>EUR/USD</b>	1.1	1.0	1.0	1.2	-6.2%	13.5%
<b>GBP/USD</b>	1.3	1.3	1.3	1.3	-1.7%	7.6%
<b>USD/BRL</b>	4.9	6.2	6.2	5.5	-27.2%	11.4%
<b>USD/MXN</b>	17.0	20.8	20.8	18.0	-22.7%	13.6%



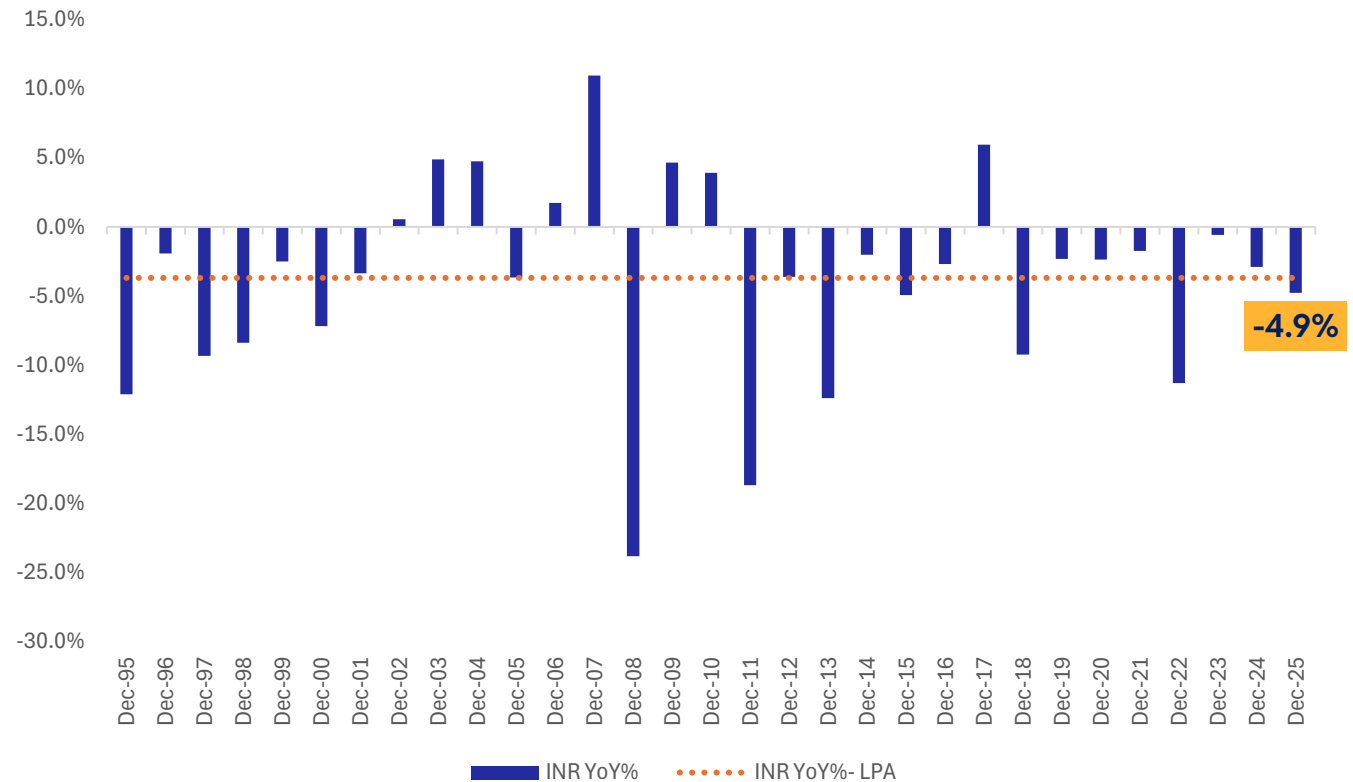
Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

Most of the key global currencies outshined USD in 2025, reversing the depreciation seen in 2024. USD weakened significantly in 2025 led by continued trade related uncertainty, 43-day long government shutdown, rate cut cycle and investors moving away from US for higher diversification and better returns. **We believe USD depreciation could continue well into 2026, led by rate cuts amid softer labour markets, higher fiscal deficit and revival in global growth—prompting investors to diversify away from the US.**

## ...Except INR which struggled with poor fundamentals

INR depreciated dramatically during 2025, by ~5%, higher the LPA of 3.7% in the last three decades.

	2024	2025
FPI Equity (USD Bn)	0.1	-18.5
FPI Debt (USD Bn)	18.4	6.6
Merchandise Trade Deficit (USD Bn)	-255.0	-282.0
FX Reserves (USD Bn)	640.3	693.0

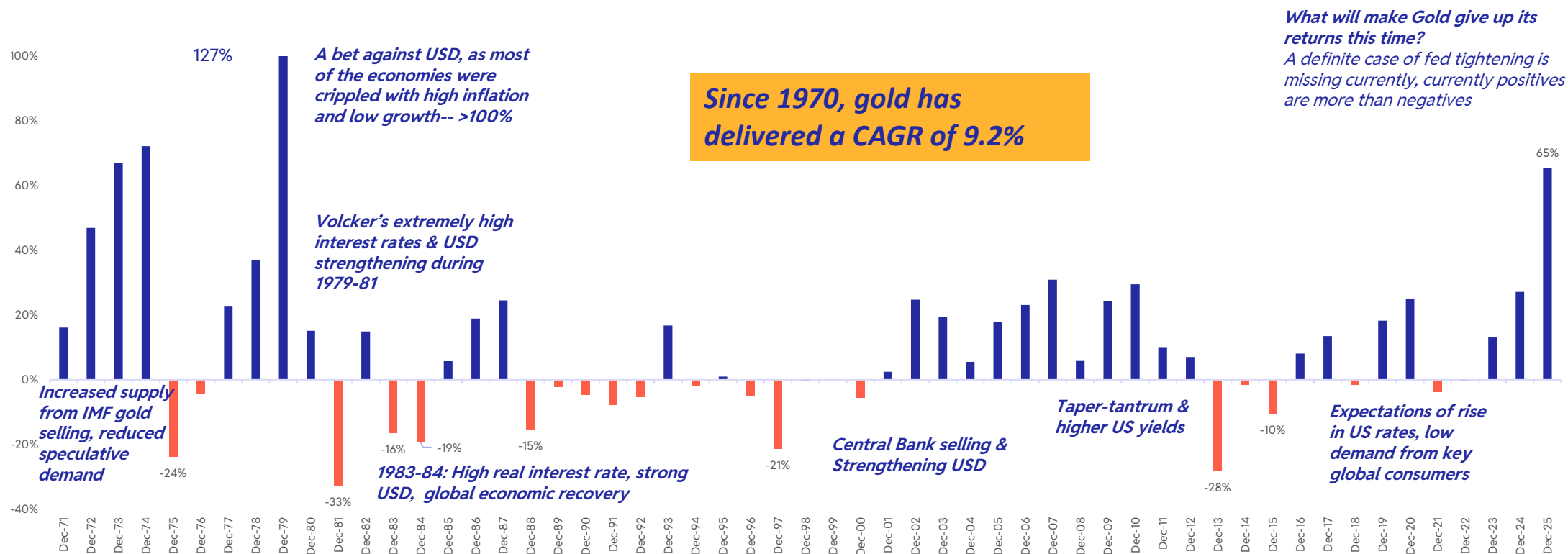


Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

INR witnessed a free fall in 2025 as FPIs pull out a substantial amount of money from the equity markets, while flows from debt market also moderated during the year. Merchandise trade deficit also widened between Jan-November 2025 as imports grew faster than exports led largely by gold & silver. On the other hand, FX reserves increased by ~USD 53 Bn in 2025 underscoring RBI's changed approach to not actively defend INR depreciation. **In 2026, a favourable trade deal with the US, could be one of the most important factors to support the INR. Also, improving outlook for domestic equity could keep the currency stable with a slight depreciation bias.**

# Gold Delivered Highest Yearly Return After 1979, Could This Continue? Current Gold Bull Run Has Structural Drivers, But Pace Of Returns May Slow

Out of the last 55 years, in 22 years gold delivered negative returns (average decline of -9.6%)

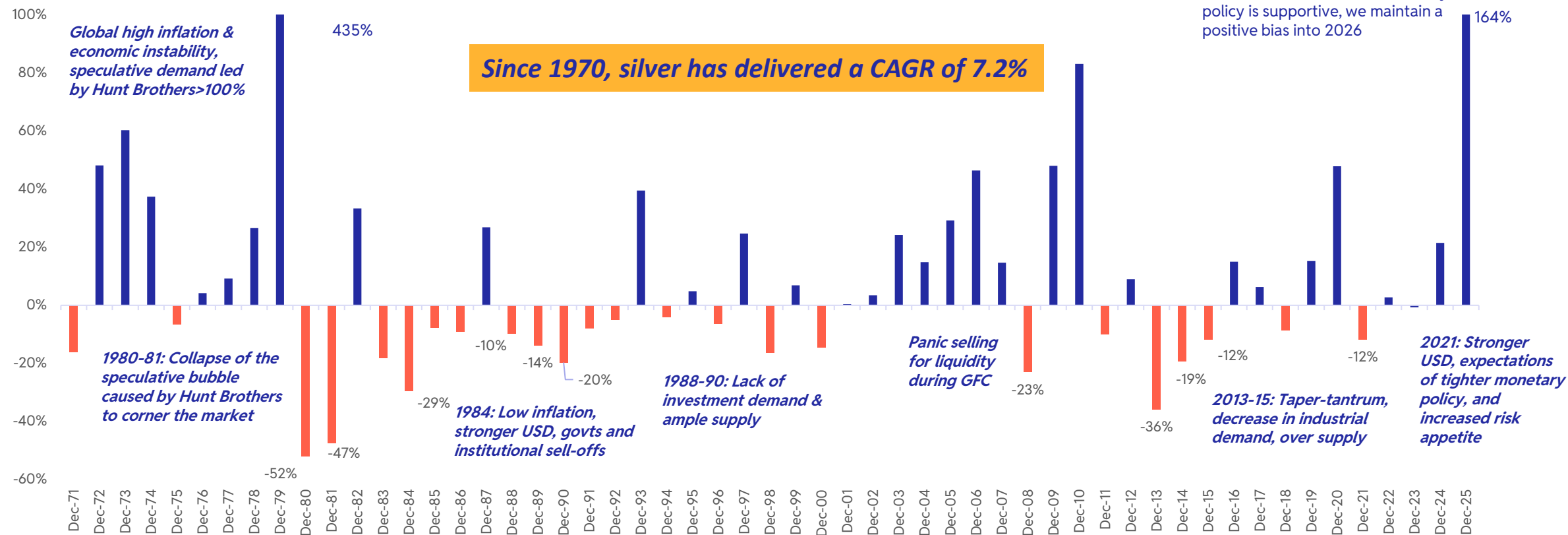


Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

Going forward, the structural story of the precious metal remains intact, driven by continued purchases from the global central banks with a view to move away from the USD, likely continued strong investor demand, inflation hedge, and uncertainty pertaining to trade and politics.

# The Silver Rush- The Metal Delivered The Highest Return Amongst Precious Metals, We Re-iterate it's Volatile But In Up Trend

Out of the last 55 years, in 25 years silver delivered negative returns (average decline of -16.0%).



*What will make Silver give up its returns this time?*

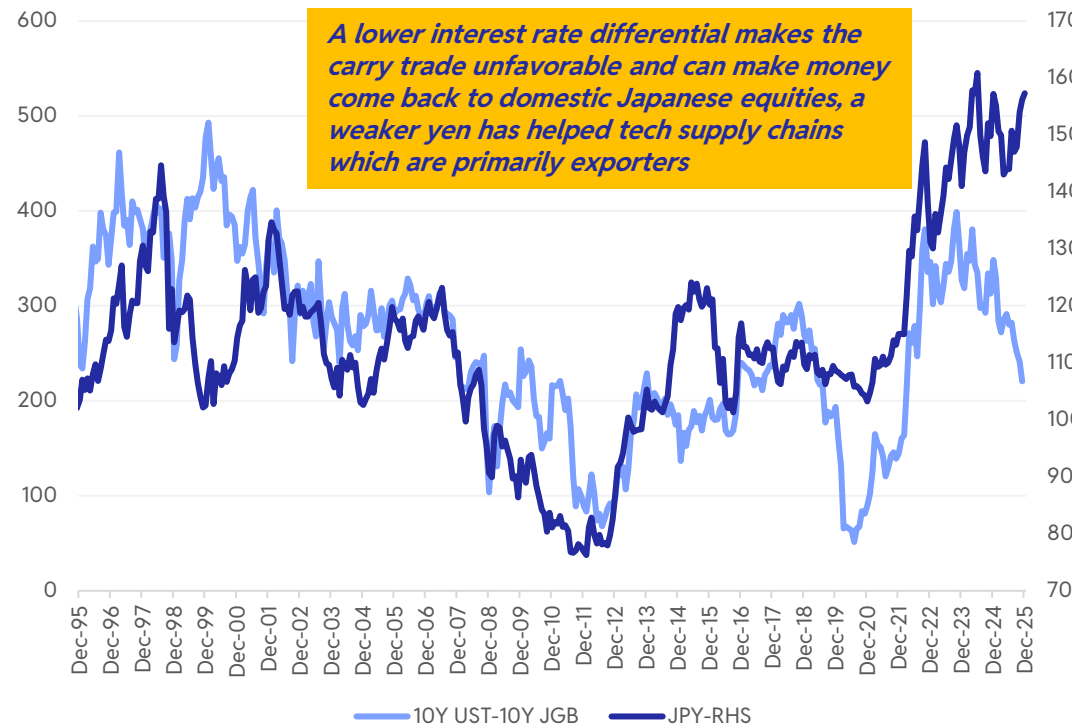
The demand is solid, and monetary policy is supportive, we maintain a positive bias into 2026

Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

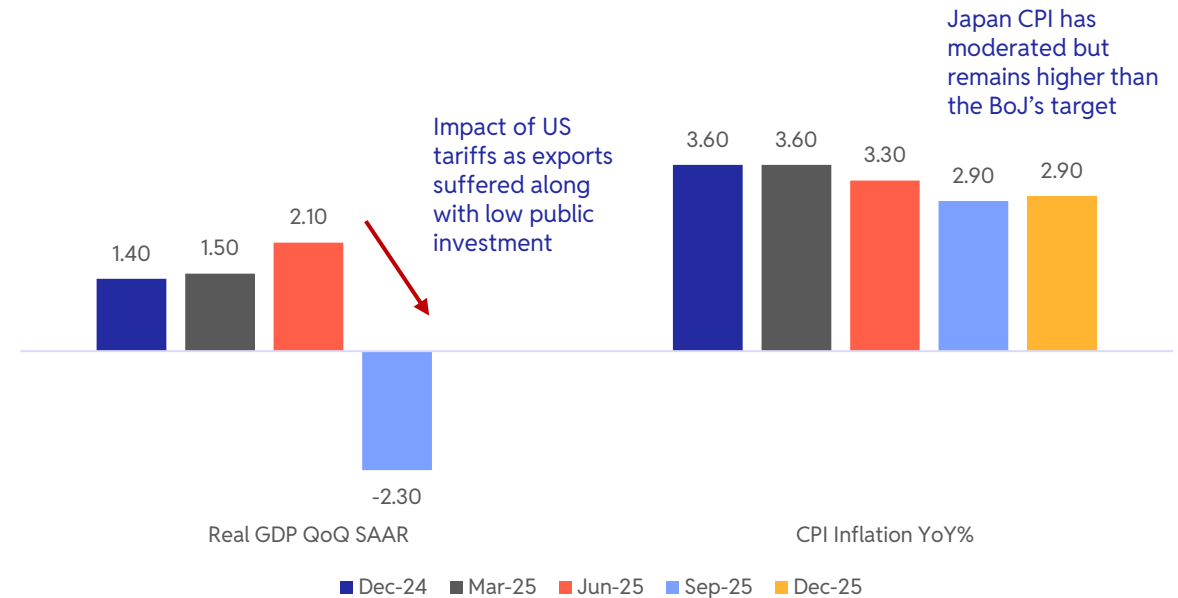
Silver stands to benefit significantly from continued industrial demand as global growth prospects improve. Also, persistent supply deficit could act as a strong catalyst for silver prices in 2026. Investors could likely remain interested in this metal amid structural demand-supply dynamics which favour silver prices.

# Japan- Narrowing Interest Differential, Weaker Yen And Power In Tech Supply Chain Made Equities Outperform, Macro Recovery Will Drive Upside in 2026

Japan's calibrated approach to rate hikes hurting JPY but has been good for export-oriented sectors, growth revival and inflation trajectory to be watched for



Market Returns (YoY%)											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
MSCI Japan	8%	-3%	18%	-17%	16%	7%	11%	-7%	26%	18%	22%
MSCI World	-3%	5%	20%	-10%	25%	14%	20%	-19%	22%	17%	21%
MSCI EM	-17%	9%	34%	-17%	15%	16%	-5%	-22%	7%	5%	30%

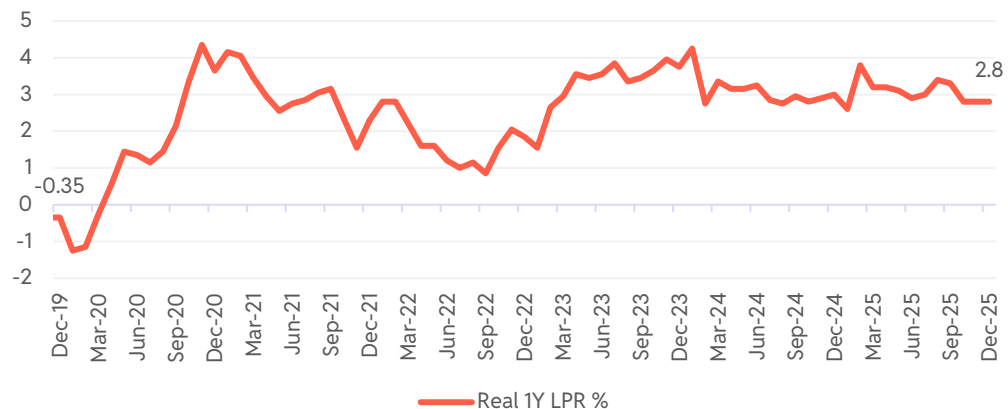


Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

Japan equity markets found support from the ongoing AI theme, enabling Japan to outperform DMs for the fourth consecutive year. Despite the narrowing interest rate differential with the US, yen has not appreciated primarily due to the BoJ's cautious and gradual approach to rate hikes and concerns over Japan's fiscal condition. **The key question remains whether Japan would be able to keep up with the rate hikes if growth does not pick up from here on? Although Japan's market could find support from still negative real interest rates, higher real wage growth and modest valuations.**

# China's Macro Drag Persists, Markets Shine On Stimulus + Tech Hopes As Cheap Valuations Excite Investors, Innovation+ Macro Recovery Key For 2026

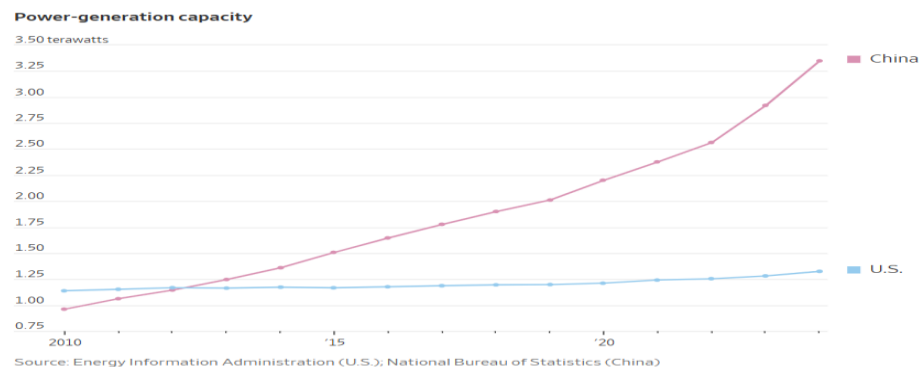
Higher real interest rate remains a drag for China's economy, further rate cuts needed to support the economy



Property Sector Continues to Plummet

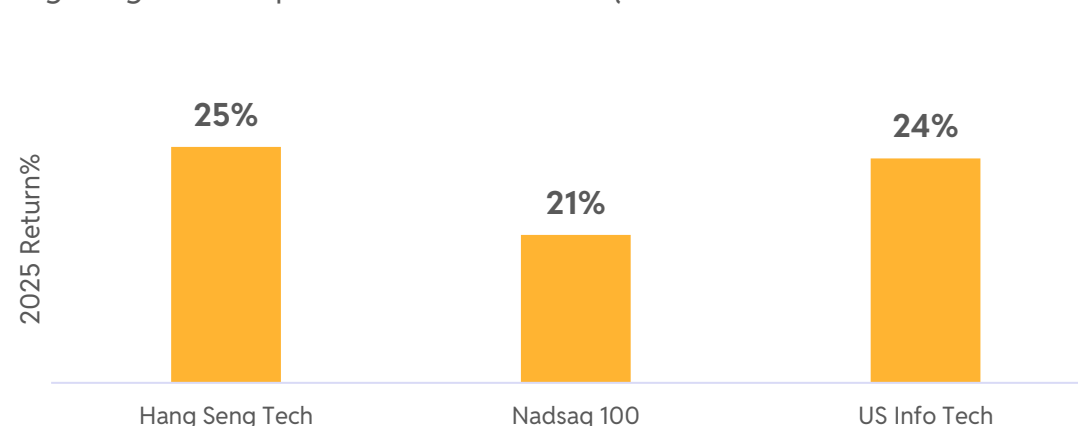


China's relative advantage in power generation, supportive of AI play



Source: Bloomberg, Wall Street Journal, Ionic Wealth, Data available as on December 30, 2025

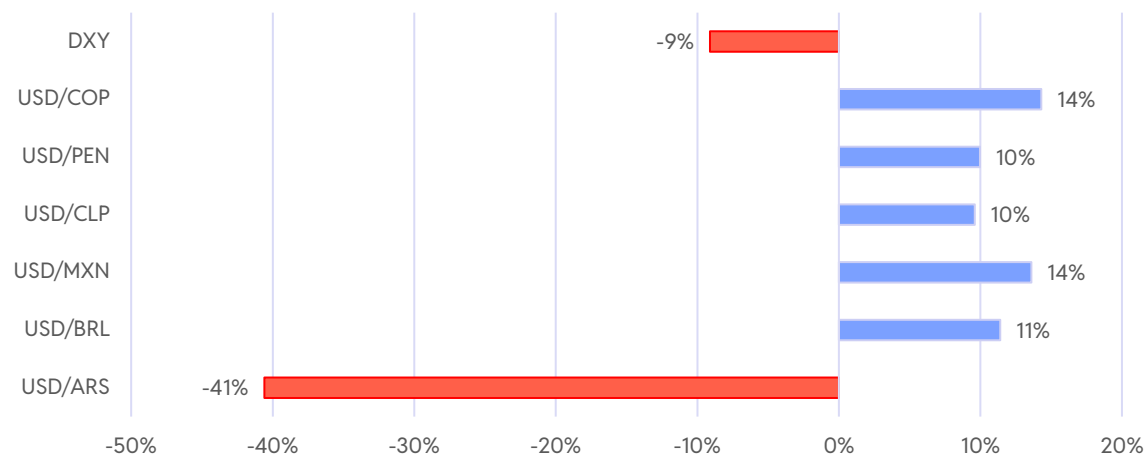
Hang Seng Tech outperformed both Nasdaq 100 and US Info Tech in 2025



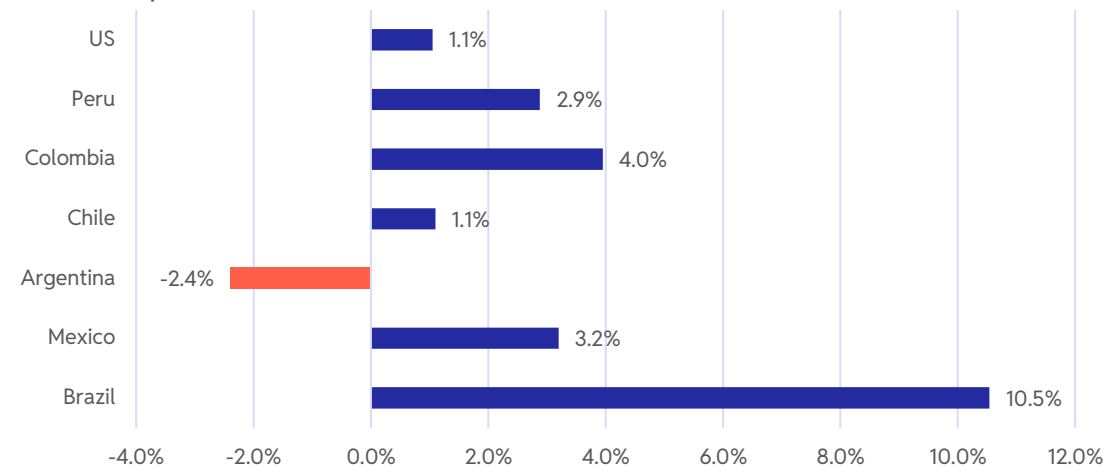
China's markets ran ahead of the macros in 2025, aided by strong support from the global AI theme. Both the government and the central bank remain focused to revive the domestic growth, which has been subdued leading to negligible inflation in the economy. **In 2026, markets to find support from likely revival in the economy as policy measures continue, fading geo-political tensions, significant advantage in the tech sector and household savings finding their way into equities amid low interest rates.**

# LATAM Equities Emerged As One Of The Best Performers, Momentum Could Continue In 2026, But Brazil's Politics + Venezuela-US Conflict Are Important Risks To Watchout For

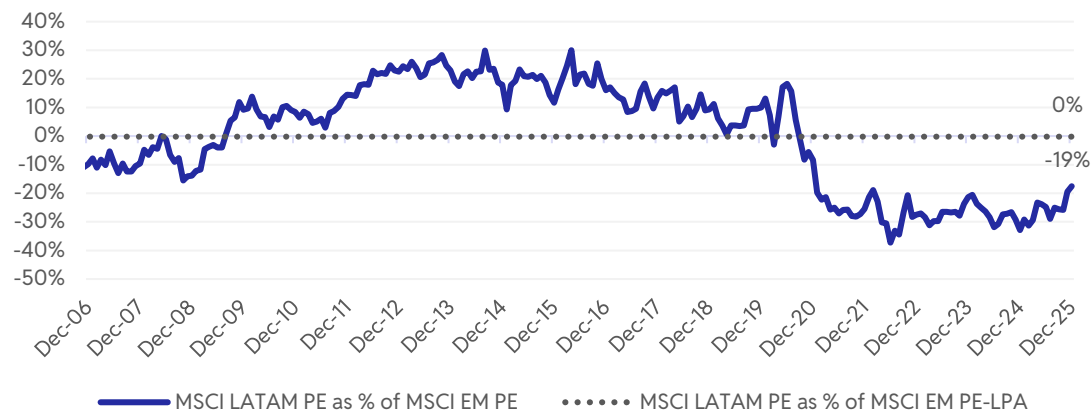
Except Argentina, other key LATAM currencies have appreciated against USD YTD



Except Argentina, most of LATAM countries offer higher real interest rate compared to US



MSCI LATAM has valuation advantage— significantly cheaper than MSCI EM

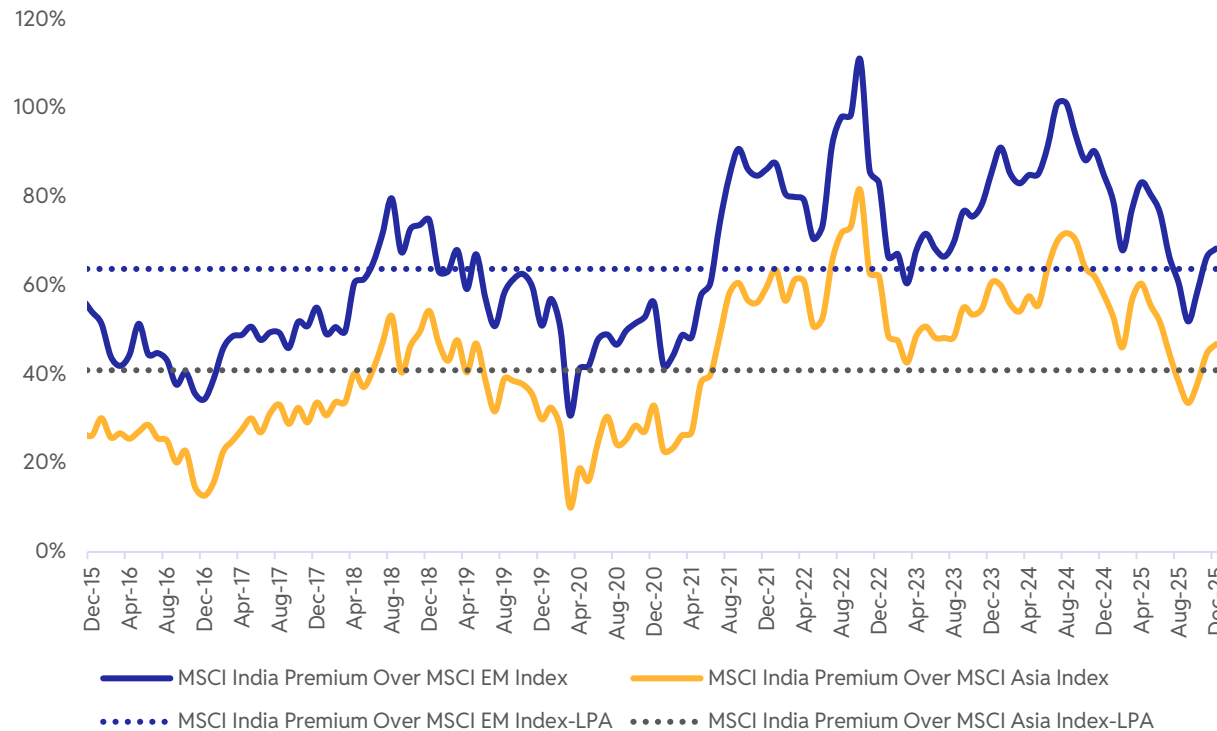


LATAM in 2025 outperformed MSCI US, MSCI World Ex US and MSCI EM Indices

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>MSCI LATAM</b>	-33%	28%	21%	-9%	14%	-16%	-13%	0%	25%	-30%	46%
<b>MSCI US</b>	-1%	9%	19%	-6%	29%	19%	25%	-21%	25%	23%	17%
<b>MSCI World Ex US</b>	-8%	2%	24%	-16%	18%	8%	5%	-18%	13%	3%	29%
<b>MSCI EM</b>	-17%	9%	34%	-17%	15%	16%	-5%	-22%	7%	5%	30%

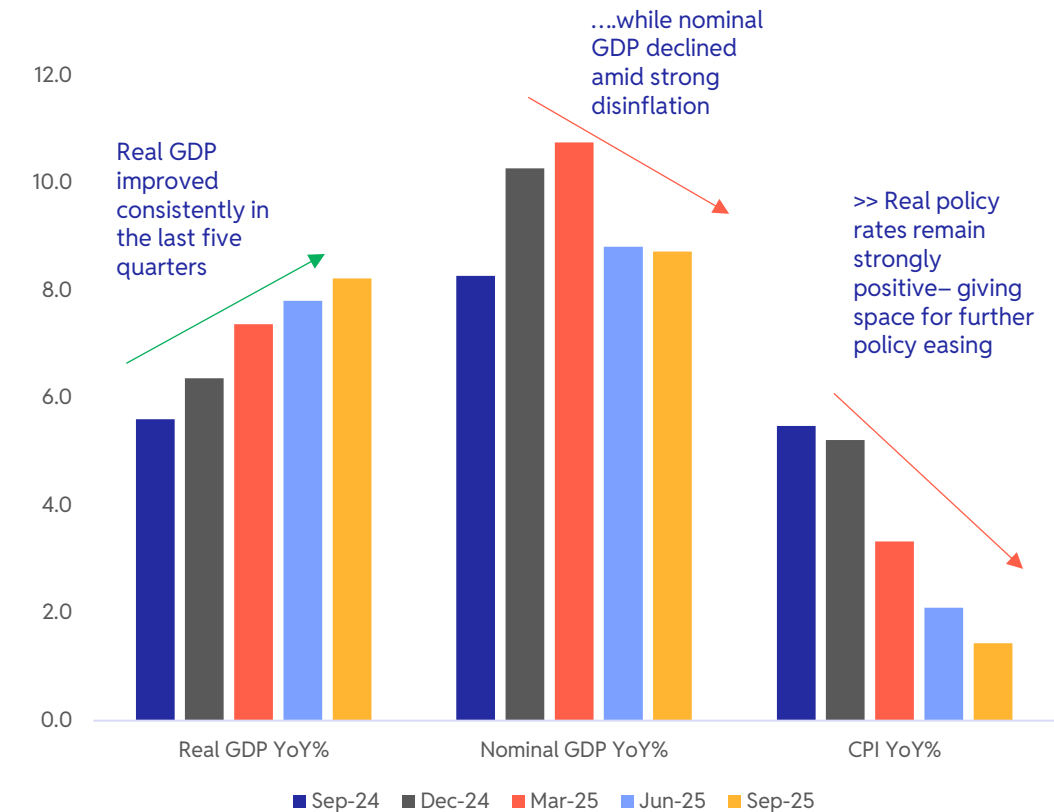
# 2025: Year Of Time Correction For Domestic Markets, Earnings Revival + Policy Support Must For Turnaround

India's valuation premium over Asia and EMs has moderated considerably from the peak and stands only marginally higher the LPA



Source: Bloomberg, Ionic Wealth, Data available as on December 30, 2025

2025 started with 6% growth and 5% inflation, marking the narrative of “Stagflation” which quickly turned to “Goldilocks” by the year end. Terminology aside, we believe policy support is required to support domestic macros



Indian equity markets underperformed most of its global peers in 2025, led by slower corporate earnings, persistent FPI outflows and trade related uncertainty. **In 2026, domestic markets could potentially witness a turnaround, as trade related uncertainty settles, corporate earnings improve amid strong policy support and improved FPI appetite.**

*We take this opportunity to wish you a very happy and prosperous 2026.*

We famously called 2025 the “**Year of Asset Allocators**” and we can’t foresee the trend turning in 2026. We believe diversification will be key in 2026 as old risks persist and new risks emerge. Key for 2026 are: **a) Japan-China tensions b) Elevated Valuations c) Policy uncertainty.**

But nobody should start the year thinking of risks alone so here’s the brighter side- a pre-emptive Fed policy can mean risk asset classes continue to perform. It can also mean global liquidity suffices, dollar weakens, EM continues to outperform, and commodities can gain more strength. While all of this unfolds, diversification will be the key to watch out for. Be allocated to bonds + precious metals for risk aversion, look at commodities for cyclical upside, look at geographically diversified equities to avoid country risk and stick to first principles of investing at all times.

As we close a transformative 2025, the investment playbook for 2026 is no longer defined by a simple flight to quality or a narrow bet on tech. We are entering a 'Year of Execution' where the massive capital expenditures of the mid-2020s must now translate into corporate earnings across a broader swath of the economy. If that happens, we have nothing much to worry. But a wise investor is prepared for all cases and in the case that this doesn’t unfold, asset allocation will be the real hero once again.

*On that note, we remain true to our commitment on active communication of themes before they mature. We look forward to your continued trust in 2026.*



Reach us at [hello@ionic.in](mailto:hello@ionic.in)

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