IONIC WEALTH
BY ANGEL ONE

The Investing Pantheon

July 2026

“The Investing Pantheon serves as a unified framework for global asset allocation. Inspired by the ancient Pantheon—a structure designed to accommodate many deities within a single architecture—our approach brings together equities, fixed income, commodities, currencies, and alternative assets across regions and investment styles. The objective is to identify the most attractive opportunities globally while maintaining diversification and portfolio resilience.”

Global Markets Remain Choppy Despite Truce Between US & Iran

Global equity markets entered June focused on the outcome of the US–Iran conflict, with the eventual 60-day ceasefire removing a key geopolitical overhang. Despite easing tensions, markets remained volatile as the US Federal Reserve struck a relatively hawkish tone, highlighting ongoing inflationary risks. Nevertheless, market breadth in the US continued to improve, while emerging markets such as South Korea and Taiwan extended their recovery on the back of improving sentiment and earnings expectations. We remain constructive on risk assets and continue to recommend a diversified allocation comprising equities (~70%), commodities (~20%), and REITs (~10%).

1. Mag-7 Underperformance & Strategic Rotation: The Magnificent 7 underperformed as investors began questioning the near-term return on investment and financial payoff of their massive AI-related capital expenditures. Despite the broader turbulence and the pullback in mega-cap tech, positive market momentum continued to thrive in select equity segments outside of the Magnificent 7.

2: DXY Strength Weighs on Commodities: A strengthening US Dollar Index (DXY)—driven by rising interest rate hike expectations—has severely pressured the global commodities trade, triggering rotation out of commodities

3. The Great EM Bifurcation: AI and Semiconductor Leaders Defy Broad Macro Headwinds: Defying the broader **USD 69Bn EM outflow**, Korea and Taiwan emerged as AI-driven winners, powered by explosive earnings growth, semiconductor dominance, and strong capital inflows tied to U.S. hyperscaler capex. On the other hand, China and Brazil weighed on EM performance, as China's continued AI crackdown, deep property-consumption slowdown triggered **USD 190Bn of outflows**, while Brazil's high rates, inflation, and fiscal pressures kept growth and earnings momentum subdued.

4. Market Optimism In the US Remains, With Every Dip Seen As A Buying Opportunity: US equities continue to see strong dip-buying, driven by confidence in earnings and economic resilience. However, this behaviour is increasingly supported by elevated margin debt, making the market more fragile. While leverage amplifies rebounds, it also magnifies downside risks, as deeper pullbacks can trigger forced liquidations and accelerate market declines.

5. Record IPOs in the US, Yet Demand Remains Resilient: Despite record IPO issuance, equity demand remains robust, supported by healthy retail participation, and substantial corporate share buybacks. Together, these sources of demand have helped absorb the increased supply of equities, underscoring the strength of investor appetite and overall market liquidity.

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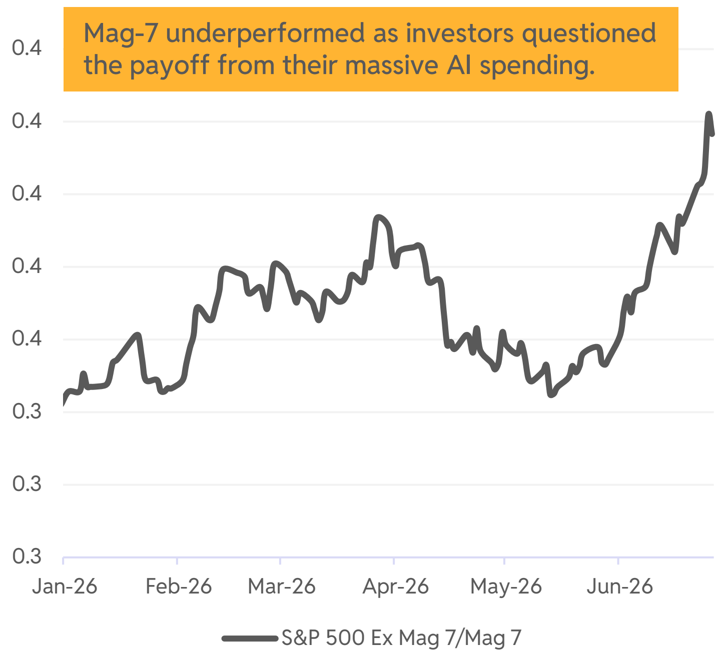
Rotation Out of Mag 7 In the US, Commodities Sell Off Continue While US TLTs Only Marginally Gain Despite DXY Strength

DXY strengthening amid rate hike expectations have affected the commodities trade significantly, while positive momentum continues in select equity markets ex Mag 7

S&P 500 Ex Mag 7/Mag 7



GSCI Commodity/DXY

US TLT 20+/DXY

YTD

Mag 7: -1.6%
S&P 493: 10%

Mag-7 now trade at fwd PE of 23.4x vs 32.6x in peak of Oct-25

Regained DXY strength amid rising rate hike expectations impacted commodities trade

Despite dollar strength, investors remain cautious on TLT given inflation and fiscal risks

Source: Bloomberg, Ionic Wealth, Data available as on June 30, 2026

Although June 2026 witnessed two key events- signing of peace deal between US and Iran and first US Fed policy after appointment of the new chair. The hawkish tilt in Fed’s chair commentary, raised rate hike expectation sharply, thereby impacting commodities trade negatively. Equity markets also witnessed increased volatility, although pockets of markets continued to do well.

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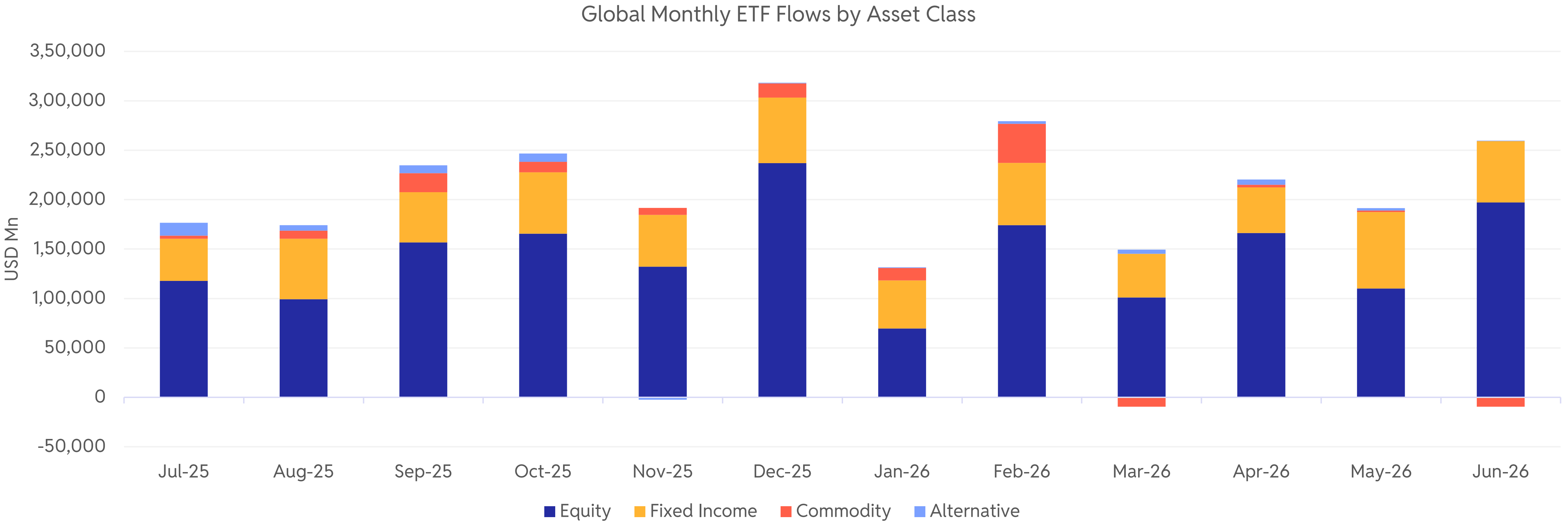
Global Asset Class Rotation Away From Commodity

Commodity flows have clearly moderated since the US-Iran conflict began (March & June had net outflows)– indicating higher inflation risks and potential for rate hikes going forward. Also, equity sell-offs forced liquidations from liquidity assets including gold, thereby putting pressure on overall commodity flows.



- **May 2026 – Higher-for-longer drove defensive positioning**
Sticky inflation increased expectations that policy rates would remain elevated. Fixed income allocation increased to **40%**, the highest level of the year, as elevated bond yields became increasingly attractive in a higher-for-longer rate environment, compared to non-yielding commodities. Equity allocation also declined to **57%.**

- **June 2026 – Rotation back towards equity**
Equity allocation rebounded to 79% as fixed income allocations eased from May's peak and commodity allocations turned negative. With geopolitical risks easing but policy rates remaining elevated amid higher inflation expectations, commodities became relatively less attractive, contributing to the shift back towards equities.

Source: Bloomberg, Ionic Wealth, Data available as on June 30, 2026

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Global ETF Flows – High Market Volatility Drives Capital Realignment

A stronger US Dollar and higher interest rates support a shift out of macro-exposed sectors, while themes like infrastructure continued to garner inflows

	Net ETF Flows YTD (USD Bn)	1y Fwd PE	2027 EPS Growth Expectation	YTD PE Change	YTD EPS Change
TOP 5					
Infrastructure	15.6	18.9	11.6%	6.3%	6.7%
Defense	7.1	22.8	19.6%	-12.1%	18.6%
Nuclear	3.9	62.4	40.6%	90.8%	-24.8%
Artificial Intelligence	3.8	15.8	35.5%	-24.3%	105.2%
5G	3.0	20.0	26.4%	8.8%	49.5%
Bottom 5					
Electric Car & Battery	-2.0	18.1	19.6%	-28.3%	155.3%
FinTech	-0.7	16.3	30.9%	-19.4%	4.3%
Cloud Computing	-0.5	21.4	30.6%	-17.8%	62.5%
Housing	-0.4	18.5	16.4%	19.8%	-17.3%
Blockchain & Crypto	-0.2	41.2	309.1%	92.9%	-67.2%

June 2026 Net Flows: -0.6 (USD Bn)

Top 5 Flows By Themes		Bottom 5 Flows By Themes	
Infrastructure	2.3	Defense	-0.8
5g	1.5	EM Tech	-0.8
Quantum Computing	0.4	Electric Car & Battery	-0.9
Tech & Communications	0.4	Block Chain & Crypto	-0.6
Robotics & Automation	0.3	Innovation	-0.6

- The strengthening US Dollar following the jobs data beat, increased macro risks for emerging market assets, driving -$0.8 Bn in outflows as capital shifted away from EM tech
- Defense earnings increased 18.6% YTD, yet valuations de-rated 12.1% as the geopolitical war premium normalized post-peace deal, with continued outflows of USD 2.1Bn in the last 3 months

- ➢ Infrastructure has remained the standout theme over the past 12 months, with inflows continuing into June 2026. Steady, predictable earnings growth (+6.7% YTD) make it a natural hedge in a higher-for-longer rate environment
- ➢ Housing (–$0.4bn YTD) and FinTech (–$0.7bn YTD) saw earnings-driven exits, with Housing's EPS falling 17.3% on elevated borrowing costs even as its multiple expanded 19.8% — a re-rating that hasn't been validated by capital flows, leaving the sector vulnerable to further de-rating if earnings don't recover.
- ➢ Electric Car & Battery (–$2.0bn YTD) and Cloud Computing (–$0.5bn YTD) saw the opposite pattern — outflows despite standout EPS growth of 155.3% and 62.5% respectively — as investors de-rated both sectors' multiples by 28.3% and 17.8%, suggesting valuation resets driven by competitive and policy overhangs rather than any deterioration in underlying fundamentals.

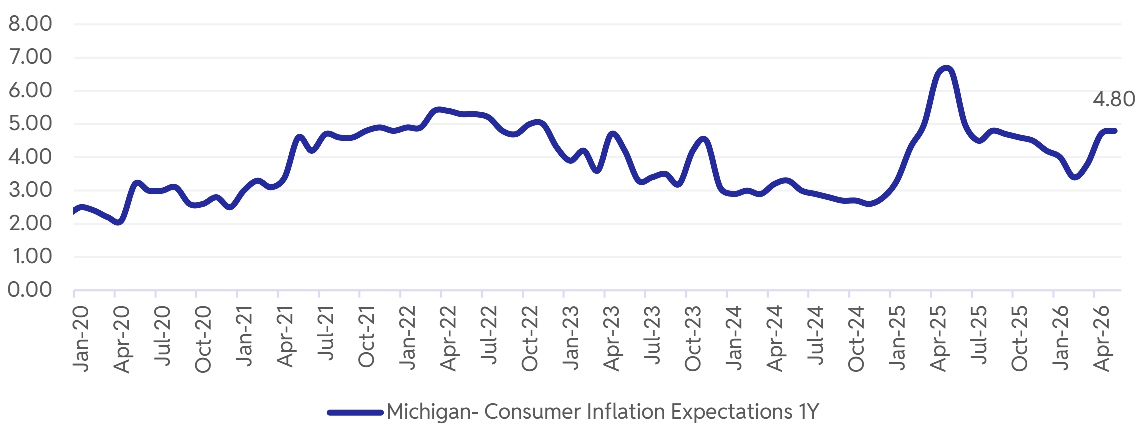
Source: Bloomberg, Ionic Wealth, Data available as on June 30, 2026

Inflation Pressures Remain For Now, Favorable Base In The Next 12M Should Support Inflation Readings

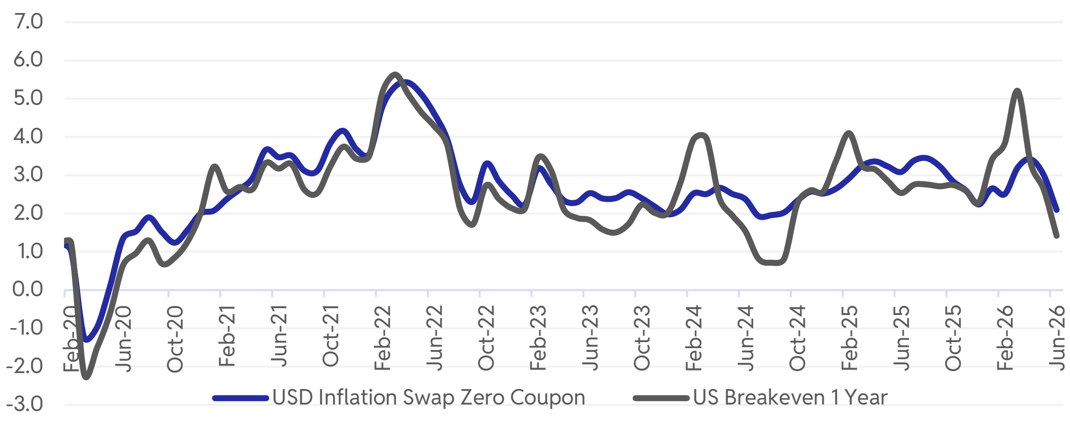
Rising energy prices and sticky core inflation, alongside a resilient labor market, support a more higher for longer rate environment

US CPI Inflation- Decomposition (12M Avg-YoY%)							
	US CPI	US Food Inflation	US Energy Inflation	US Core Inflation	US Core Commodities	US Core Services	US Rent Inflation (owner's equivalent rent)
May-26	3.0%	3.0%	5.6%	2.8%	1.2%	3.3%	3.5%
May-25	2.7%	2.5%	-2.2%	3.1%	-0.7%	4.5%	4.8%
Average Base Effect for next 12 months (-favourable/+unfavourable)-bps	-44	-32	-236	-29	-16	-27	-24

While consumer expectation of 1Y forward inflation remains elevated…



Market indicators of inflation have corrected sharply from the March peak



Though the last Fed policy had a hawkish undertone amid uncertainty pertaining to the US-Iran war, the recent sharp correction in the Brent oil prices (-22% in June 2026), aids the inflation outlook, along with the favourable base effect in the next 12 months. **However, key things to watch out are the weather-related risks, any residual impact of tariff increases and any renewed tensions in the US-Iran which can keep inflation elevated.**

Source: Bloomberg, Bureau of labor Stats US, Ionic Wealth, Data available as on June 30 , 2026

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Could Weather Related Risks Keep US Inflation Elevated?

US accounts for ~16% of world grains production and about ~13% of total world grains exports. While, US does not hold significance in world exports of wheat and rice, it is the top exporter of coarse grains, particularly corn.

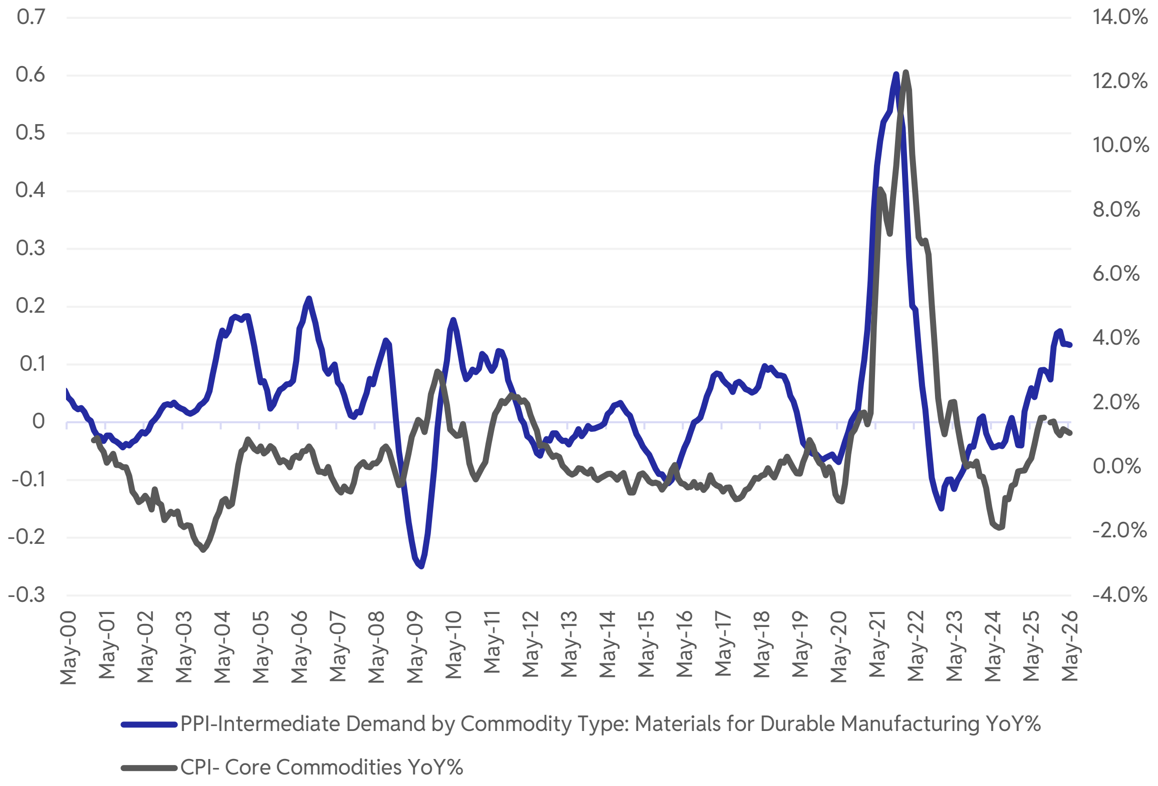
USDA WASDE — US Production by Commodity (Million Metric Tons)				
Commodity / Year	2024/25 (MMT)	2025/26 prel. (MMT)	2026/27 Jun proj. (MMT)	YoY% (Jun '27 vs '26 prel.)
Wheat				
United States	53.9	54.0	42.0	-22.2%
Coarse Grains				
United States	391.5	447.8	419.9	-6.2%
Rice, Milled				
United States	7.1	6.6	5.6	-15.2%
Total Grains				
United States	452.4	508.4	467.5	-8.0%
Oilseeds				
United States	128.6	126.2	130.4	3.3%
Cotton				
United States	14.4	13.9	13.3	-4.3%

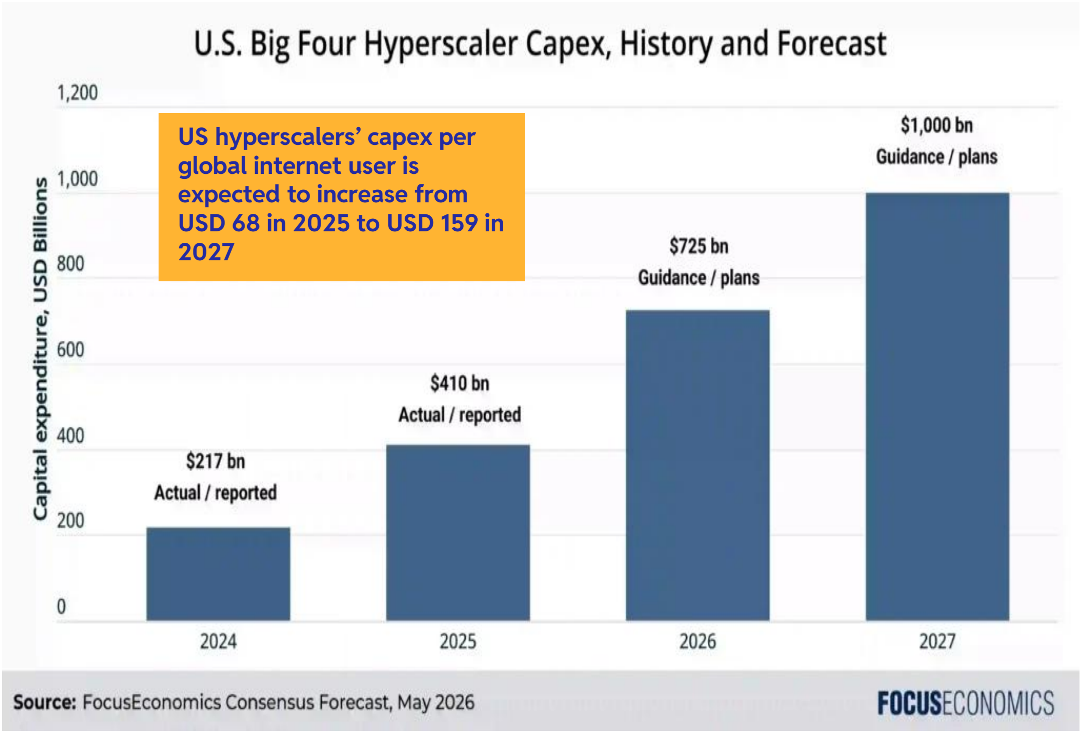
- **Coarse grains production (-6.2%)** matters most as the US accounts for roughly **25% of global corn exports** and corn is the primary feed input for livestock.
- Higher corn prices raise cattle, poultry, and pork production costs, feeding into retail meat prices with a **6–18 month lag**.
- Record slaughter steer prices and rising feed costs suggest beef inflation is likely to stay elevated in the next few quarters.
- Despite the sharp production drop, US wheat output remains sufficient for domestic consumption, limiting food security concerns.
- **Grain supply tightening is unlikely to trigger a food crisis but should keep US food CPI sticky, particularly through the protein chain.**

Source: USDA, Ionic Wealth, Data available as on June 30 , 2026

AI Could Be Inflationary In Short Term, Possibly Disinflationary In The Long-term?

Near-term demand for copper/power/chips (inflationary) vs. medium/long-term labor and service cost compression (disinflationary)





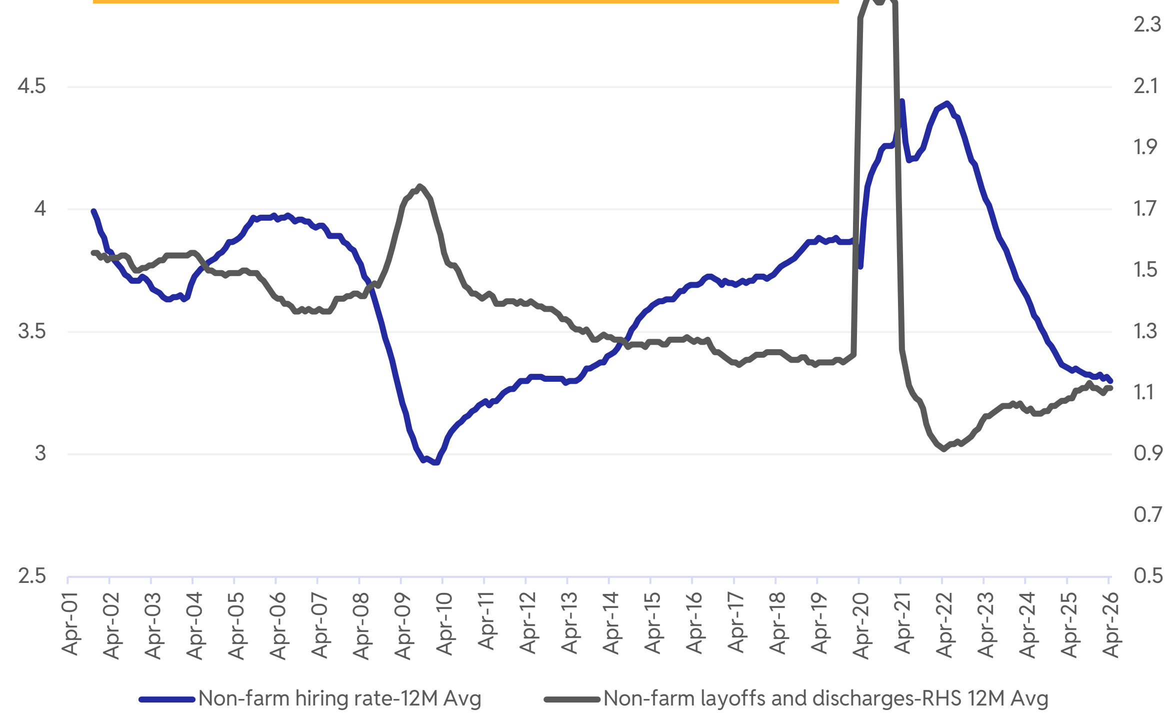
- **Near-term inflationary impact:** The rapid expansion of data centers and compute capacity is driving strong demand for **power, copper, semiconductors, and industrial materials**, putting upward pressure on upstream input costs and producer prices.
- **Long-term disinflationary effect:** Once deployed, the new compute capacity is expected to boost productivity, automate workflows, and lower labor-intensive service costs, creating a structural disinflationary force across the broader economy.

Source: Bloomberg, Bureau of labor Stats US, Ionic Wealth, Data available as on June 30 , 2026

The Growth Payoff: When Will AI Reflect in Productivity?

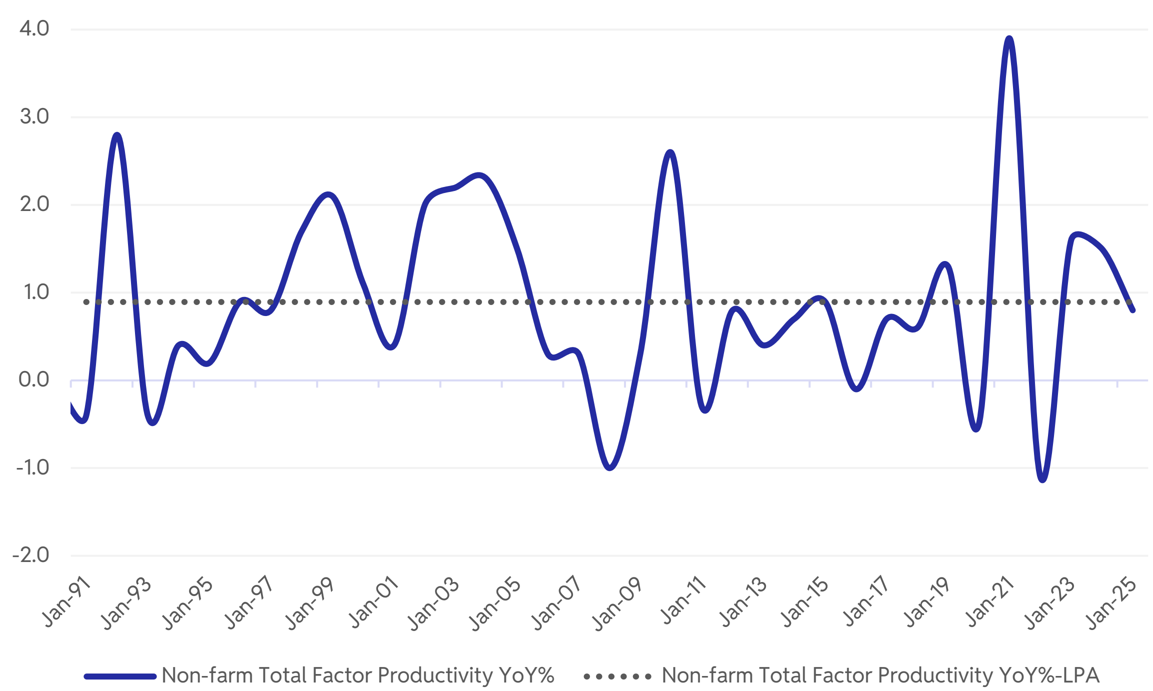
Non-farm payroll growth slowed, while layoffs increased

Over the last 3 months, AI-affected sectors posted an average monthly decline of ~11,000 jobs.



Total factor productivity hasn't improved by end of 2025, however, could be the most direct positive impact of AI in the long-term

AI dividend could potentially add 0.5%-1.5% annually to TFP by 2035 under moderate adoption scenario-*IMF*



Short term- In the near-term, the labour market could be impacted with increased layoffs and decreased hire-rates as adoption of AI increases.

Long-term- US growth gain from increase in TFP by almost 0.5%-1.5% annually over the current level (marginally lower than the LPA).

Source: FRED, The Kobeissi Letter, Ionic Wealth, Data available as on June 30 , 2026

Central Banks Remain Cautious As Inflation Risks Persist, Term Premiums Edge Higher

Policy rates remain restrictive across major economies as inflation stays above **target- 21% of G20 nations are on a hiking cycle now, compared to essentially 0% at the start of the year**

	Policy Rate%	10Y yield%	10Y Yield-Policy Rate	10Y Yield-Policy Rate (10Y Avg)	Headline CPI	Core CPI	Target Inflation	Forward Guidance/Expectations
DMs								
United States	3.50% - 3.75%	4.5%	72	31	4.20%	2.90%	2.00%	4 consecutive holds; **market pricing rising odds of a hike by Sept–Oct.** Resilient GDP and sticky inflation curbs the scope of rate cuts
Canada	2.25%	3.4%	113	27	3.20%	2.20%	2.00%	5 consecutive holds; **another hold expected on July 15**. Balancing domestic mortgage refinancing risks against energy-driven headline spikes
Eurozone	2.40%	2.9%	46	-22	3.20%	2.60%	2.00%	1 hike delivered; **1 more hike expected, most likely on July 22.** Emergency resumption of hikes following extreme vulnerability to Middle East oil shock..
Australia	4.35%	4.8%	37	77	4.00%	3.60%	2.50%	3 hikes since February; ~**1 more hike expected, likely Sept–Oct.** Blocked by sticky services sector and local transport fuel inflation. Expected to be among the absolute last DMs to cut.
Japan	1.00%	2.7%	167	42	1.50%	1.80%	2.00%	5 hikes since 2024; **a hold is expected at the July 30–31 meeting, with the next hike likely Q4.** Historic rate normalization path to build a defensive firewall for a weak Yen and counter systemic energy import shocks.
EMs								
China	3.00%	1.7%	-127	-101*	1.20%	1.10%	3.00%	0 rate cuts in 12 months; **no change expected near-term.** Deliberately pinning 10Y yields near historic lows to offer ultra-cheap credit, in an effort to revive consumption
South Korea	2.50%	4.2%	157	67	3.10%	2.50%	2.00%	8 consecutive holds, but 2-of-7 board members already dissented for a hike in May; **a hike is expected as early as July.**
Brazil	14.25%	14.5%	9	129	4.72%	4.76%	3.00%	3 consecutive cuts; **further cuts expected but small and gradual**, fully data-dependent.
Mexico	6.50%	9.0%	253	44	3.94%	4.19%	3.00%	Cycle ended after 475bp of cumulative cuts; **0 further cuts expected**, holding through 2026. Easing carefully into a resilient economy.

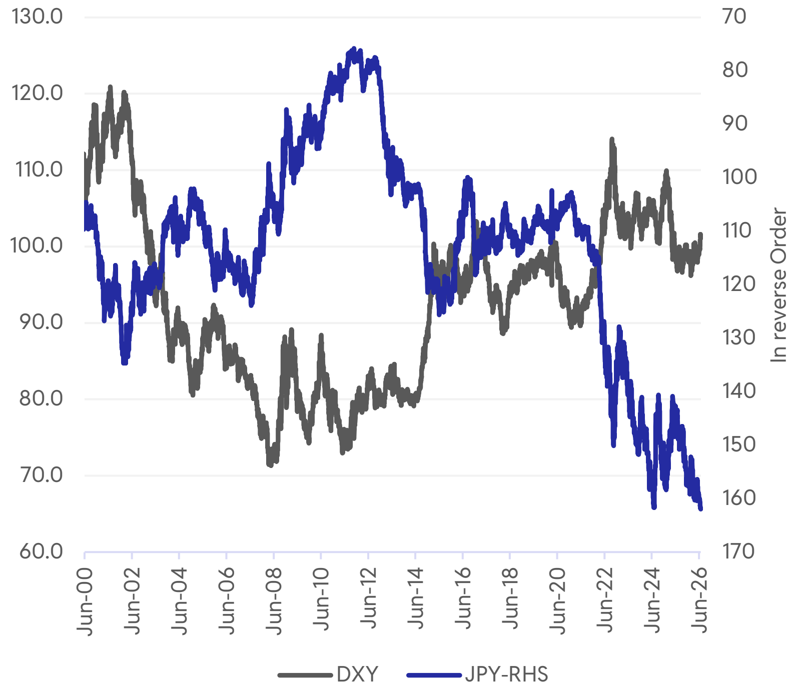
Source: Bloomberg, Ionic Wealth, Data available as on June 30 , 2026 | *7-year average

DXY- Near-Term Strength Could Continue, Long-Term View Of Dollar Cycle Reversal Intact

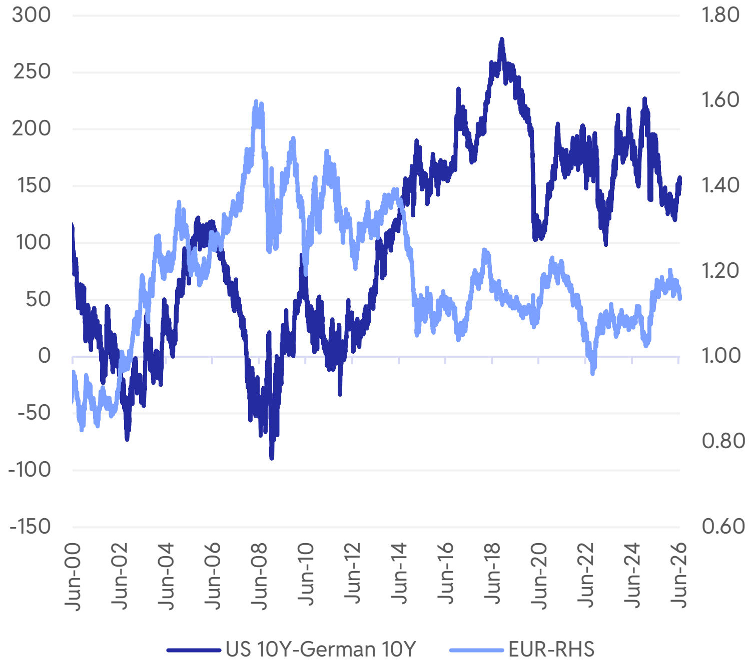
The recent appreciation in the USD is essentially a factor of two things- weakness in JPY and EUR (combined weight of ~71.2% in DXY) + renewed interest in USD as rate hike expectations increase.

Net positions in USD have turned positive since May 2026, from the long-standing short positions. Also, compared to LPA, net longs are marginally higher. *Stretched long positioning historically precedes USD reversals*

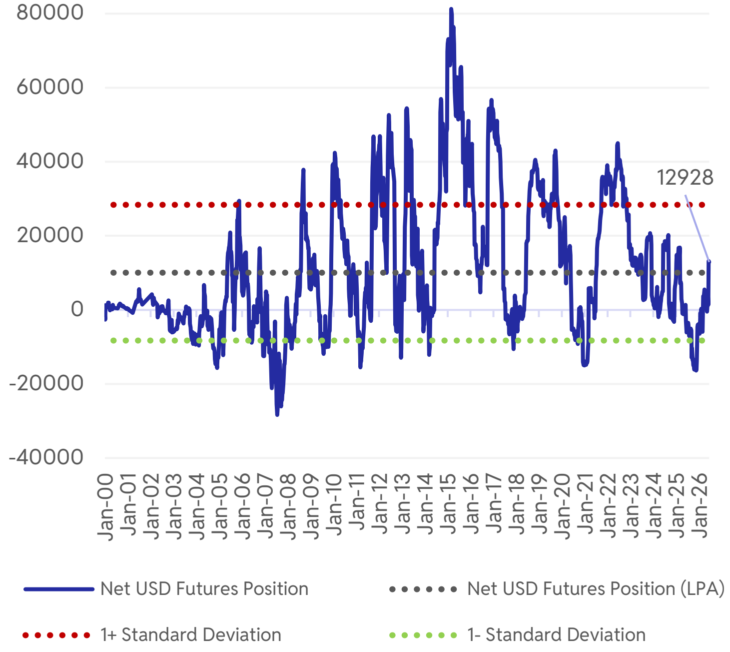
JPY is down 3.9% since pre-war level, JPY weakness likely to continue



EUR is down 3.5% since pre-war level, EUR could remain weak if interest rate differentials b/w US and Euro remain wide



DXY is up 3.8% since pre-war level, near term strength anticipated

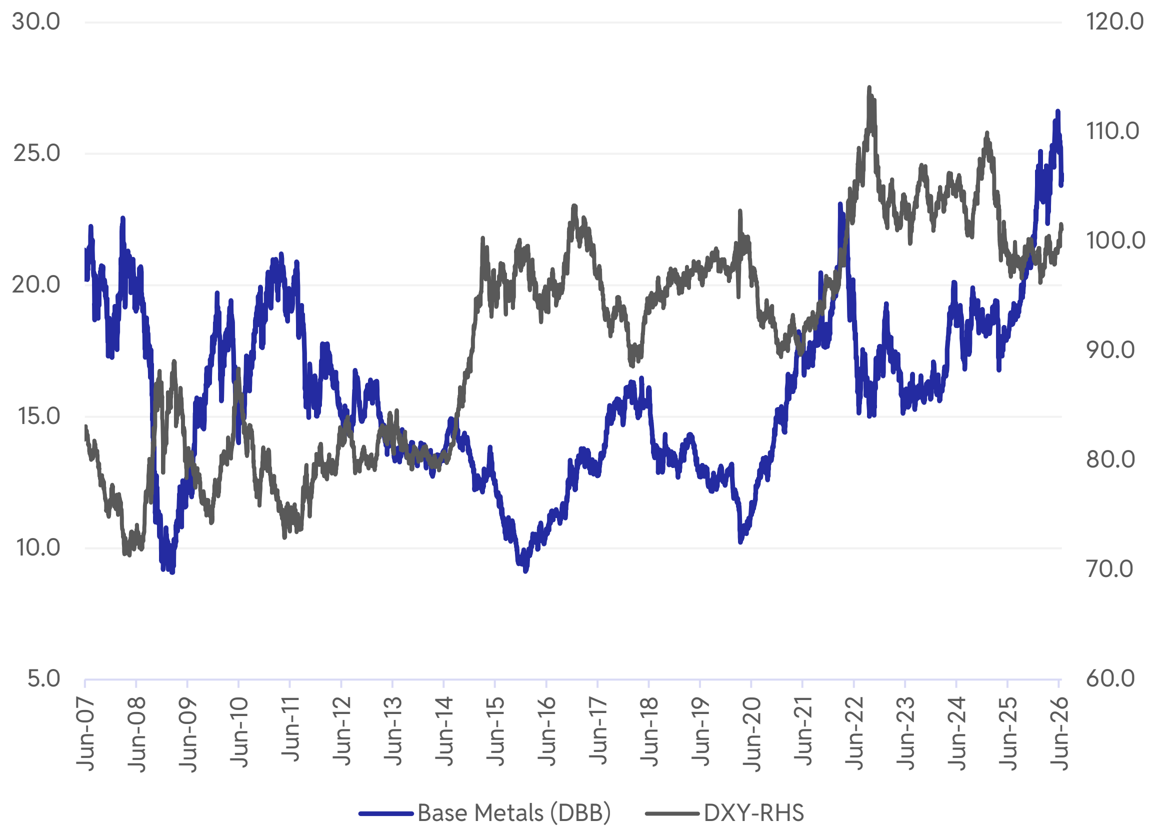


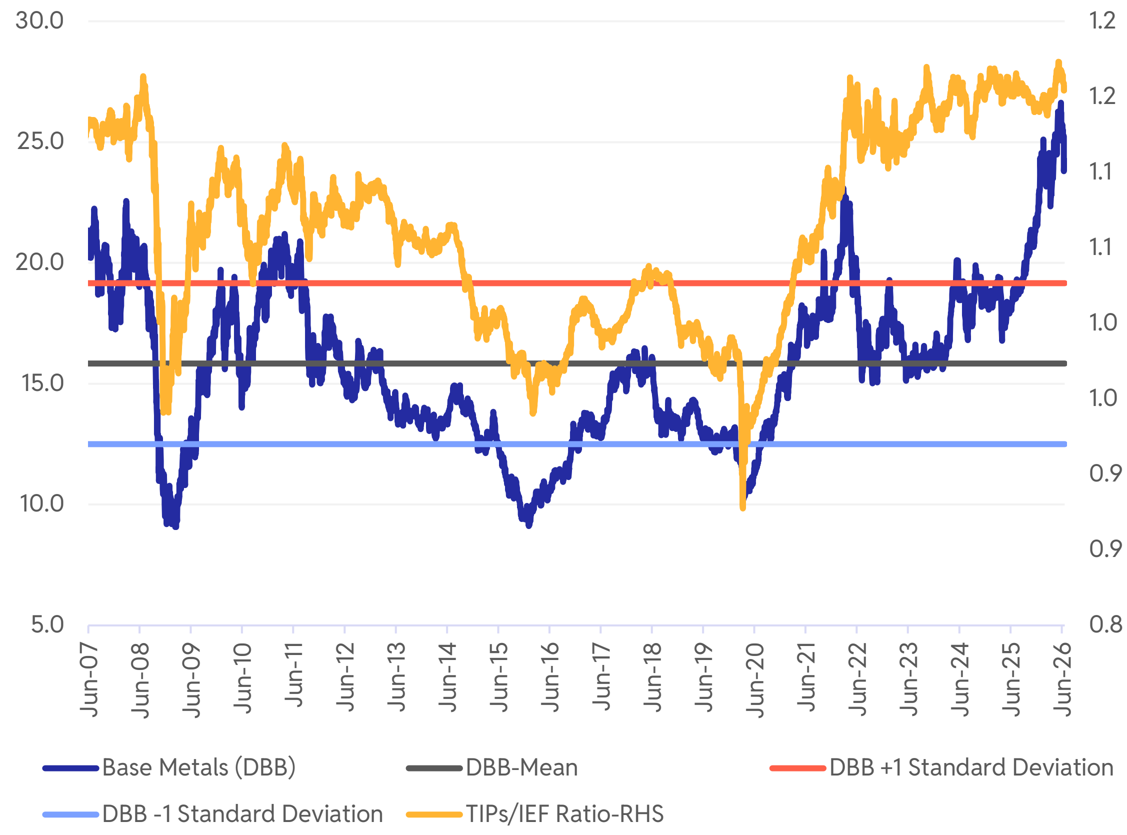
We believe USD weakness is a decadal theme; however, short-term volatility can not be ruled out amid rising expectations of rate hikes in the US. **Other factors, including sustained strain in fiscal accounts, reserve diversification by global central banks and declining appeal of US as safe haven asset, would drive the USD lower in the long-term.**

Source: Bloomberg, Ionic Wealth, Data available as on June 30 , 2026

Base Metals- Dollar Strength Offset Inflation Tailwind

Dollar strength moves against commodities, Inflation expectations (TIPS/IEF) move with commodities. **In the short-term, continued DXY strength could act as a major headwind despite elevated inflation expectations, which are more stemming from supply-side factors than demand-side.**





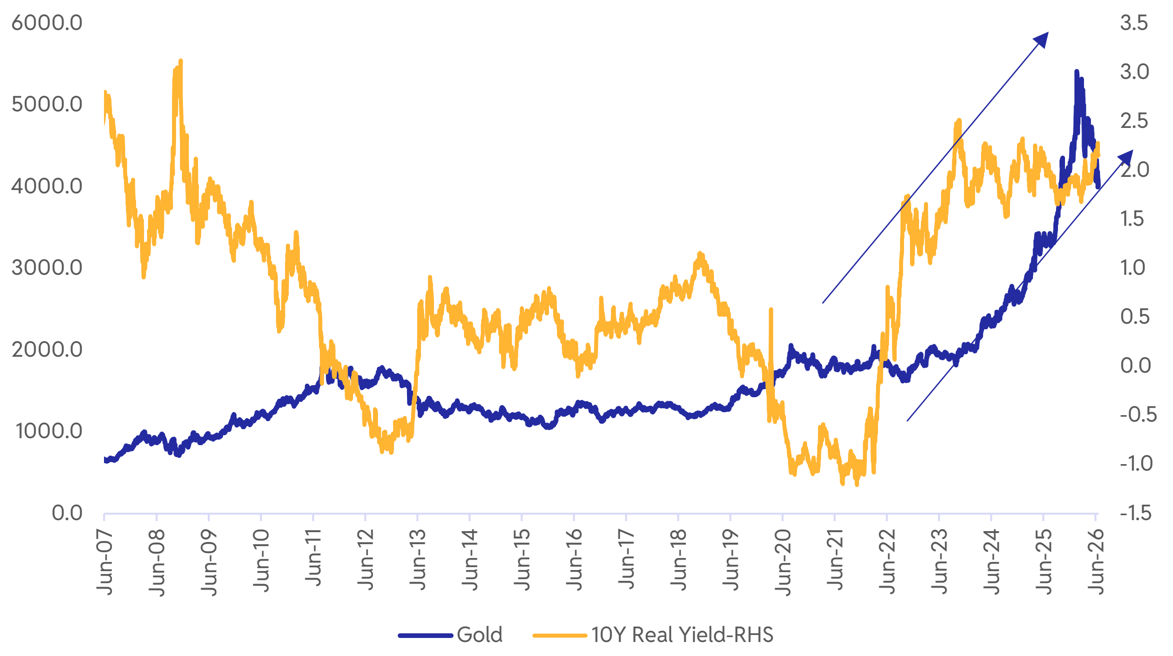
While base metals historically hold an inverse relationship with the DXY and a positive correlation with inflation expectations, current dynamics suggest near-term DXY strength will outweigh the inflation tailwind. Because current inflationary pressures stem primarily from supply-side shocks rather than robust industrial demand, base metals lack the organic growth catalysts required to sustain these elevated levels

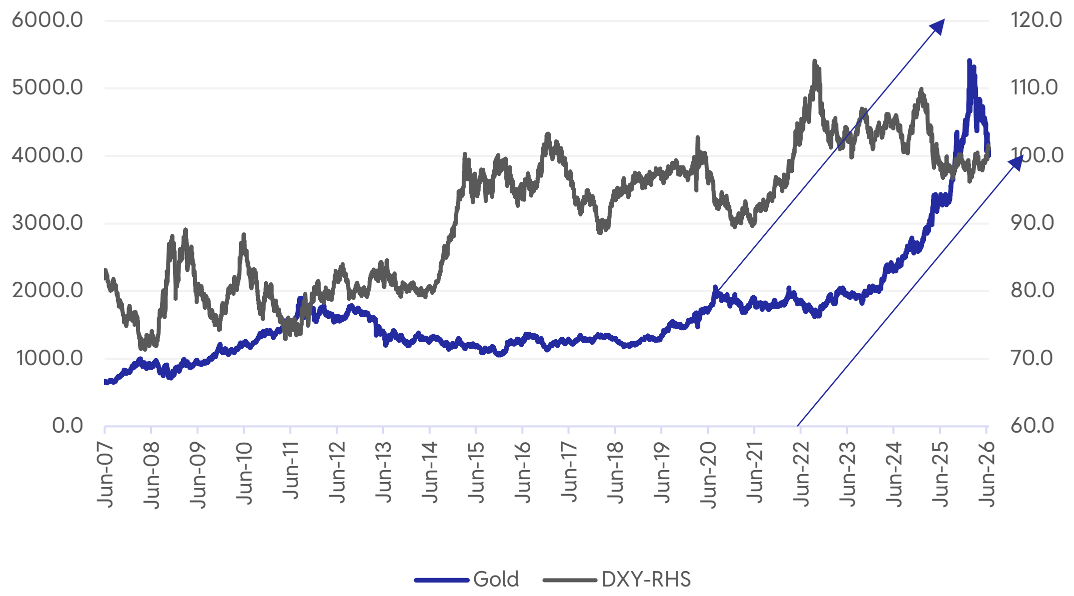
Source: Bloomberg, Ionic Wealth, Data available as on June 30 , 2026 | TIP- iShares TIPS Bond ETF (tracks US Treasury Inflation-Protected Securities) | IEF- iShares 7-10 Year Treasury Bond ETF (tracks intermediate-term, nominal US Treasuries)

Gold: Structural Bid Intact, Tactically Disrupted by the Iran Shock

Dollar strength and rising real yields typically move against gold, while structural de-dollarization moves with it. Gold decoupled from these traditional drivers in the recent years, but the US-Iran conflict has temporarily re-coupled it — oil-driven inflation fears pushed real yields and the dollar higher simultaneously, triggering a 20%+ correction since the conflict began.

Equity selloffs forced institutions to raise cash by selling liquid assets, including gold, amplifying the decline beyond what rates/dollar alone would explain. Global gold ETF holdings stood at 4,121 tonnes at the end of May, just below the February peak of 4,176 tonnes, down by 55 tonnes





Unlike base metals, which are hurt by a stronger US Dollar and slower economic growth, gold has not been following its traditional drivers since 2022. However, since the US-Iran conflict began inflation fears have risen → translating into higher yields + DXY as rate hike expectations increased.

Source: Bloomberg, Ionic Wealth, Data available as on June 30 , 2026

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EM: The Two Mirrors Having Diverging Growth Paths

Korea and Taiwan lead EM gains on semiconductor exposure to US AI capex. China lags on weak domestic demand while Brazil on elevated rates and fiscal constraints.

	1Y Fwd PE	1Y Fwd Earnings Growth	YTD PE Change	YTD Earnings Growth
MSCI EM	11.3	23%	-15%	52%
MSCI Korea	7.2	36%	-23%	284%
MSCI Taiwan	21.5	27%	17%	44%
MSCI China	9.9	17%	-18%	6%
MSCI Brazil	8.2	5%	-15%	24%

Despite negative total EM flows in YTD, Korea and Taiwan attracted the largest EM inflows because of AI/semiconductor exposure. China's massive outflows create significant drag on broader EM, while Brazil's inflows have moderated since May 2026 as macro-related headwinds intensify (DXY strength + higher domestic inflation + fiscal constraint)

USD Mn	2026 Jan-June	2025 Jan - June	YoY% Change
Total EM flows	**-69,037**	**75,356**	**-192%**
Korea	41,766	8,507	391%
Taiwan	28,413	20,014	42%
China	-1,90,010	30,977	-713%
Brazil	10,674	1,637	552%

South Korea: Direct Beneficiary of AI Memory Demand

- Majority of YTD earnings growth in EM comes from Korea, making it the market's earning engine.
- Korea's outlook is structurally supported by persistent HBM supply constraints from hyperscaler AI buildout, offsetting DXY headwinds and supporting sustained margin strength
- Unlike typical leverage-driven rallies, Korea's margin positioning is backed by USD 41.8Mn of institutional inflows, limiting near-term downside risk even as margin debt has risen above 100% YoY, but higher margin trade needs to be monitored closely.

Taiwan: AI Infrastructure Demand Remains Strong

- Structural AI demand is translating into resilient earnings, with 2025 YTD earnings growth of 44% and 27% forward earnings growth, supported by TSMC's technology leadership and pricing power.
- Multiple expansion is translating into sustained valuations, with 21.5x forward PE, supported by TSMC's technology monopoly and pricing power offsetting DXY strength through 2027.
- Strong AI-driven inflows (USD 28.4Mn) continue to support Taiwan's rally, limiting near-term downside risk despite record margin trading (+170% YoY).
  drop.

China: Policy-Led Reallocation Over Consumer Recovery

- China is expected to deliver the weakest earnings growth in EM, as AI regulatory tightening shifts the focus from speculation to weak underlying fundamentals.
- Manufacturing remains resilient (+15.1% YoY), but weak consumption (-0.6% retail sales) and property (-16.2% investment) continue to weigh on growth.
- Policy remains focused on strategic sectors rather than broad demand stimulus, liquidity remains ample, but fiscal support is more targeted, supporting manufacturing over consumption

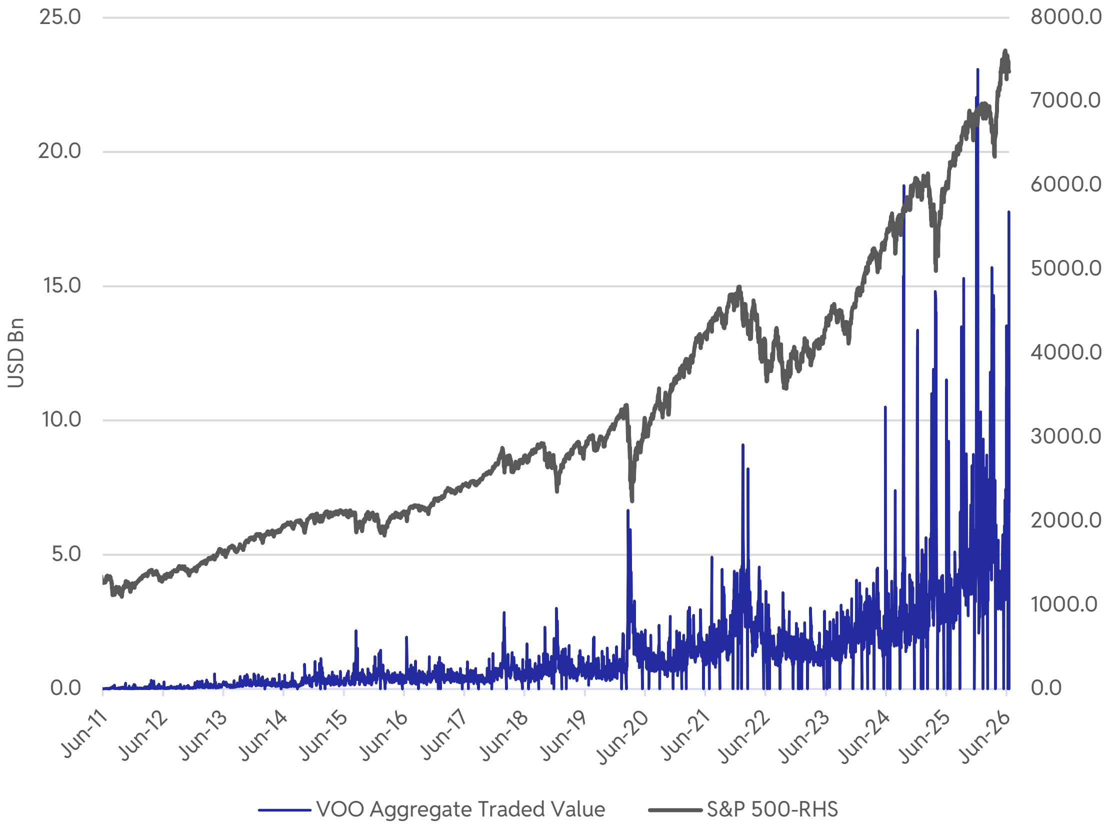
Brazil: Fiscal Support vs Monetary Constraint

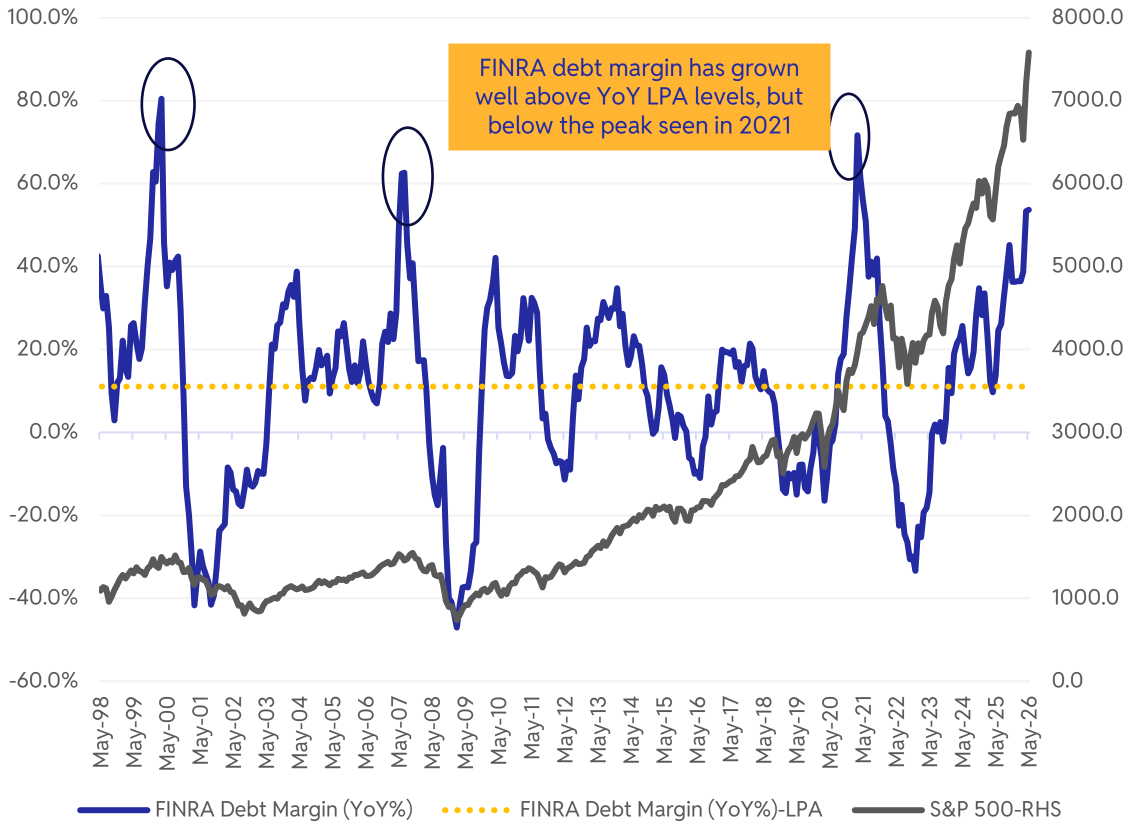
- Consumer-led earnings are losing momentum, as retail sales fell 1.5% MoM despite fiscal support, constrained by high inflation, elevated rates, and fiscal pressures.
- Brazil's 8.2x forward P/E reflects concerns that the current rebound will prove difficult to sustain amid DXY headwinds and a restrictive macro backdrop.

Source: Reuters, Bloomberg, Ionic Wealth, Data available as on June 30 , 2026

Market Dips Are Getting Bought, Aggressively

The market has been conditioned to buy every dip — and increasingly, to do so with borrowed money.





Every major drawdown since 2020 has been met with increasingly aggressive dip-buying, with recovery cycles becoming faster and new highs arriving sooner after each correction. At the same time, FINRA margin debt has surged to fresh record highs above $1.2 trillion, suggesting that a growing share of the equity rally is being fuelled by leverage-**boosting upside momentum but also increasing downside vulnerability.**

Source: Reuters, Bloomberg, Ionic Wealth, Data available as on June 30 , 2026

Bottom-up Strength Continues to Offset Softer Macro Conditions

Strong corporate earnings contrast with moderating growth and mixed macro signals

	Last 4 quarter average		
Economic Data	Q1 2026	Q1 2025	Change
GDP QOQ SAAR	2.7%	2.1%	0.7%
Consumer Spending	1.4%	2.1%	-0.7%
Private investment	-0.2%	1.0%	-1.3%
Govt Spending	0.0%	0.5%	-0.4%
Net Exports	1.5%	-1.5%	3.0%
Delinquency rate on consumer loans	2.68%	2.75%	-2.30%

	12 month average		
	May-26	May-25	Change
Retail Sales YoY	5.6%	3.2%	2.4%

	12 month average		
Labour data	May-26	May-25	Change
Unemployment rate	4.3%	4.2%	0.1%
Non-farm Payroll additions ('000)	41.9	74.2	-32
Unemployed persons per job opening	1.0	0.9	0.1

- **S&P 500 earnings growth for Q2 2026 is projected at a robust 22% YoY**, led by massive expansions in Energy (+122%) and Information Technology (+60%).
- Alphabet's ($34.8 billion) and Amazon's ($12.9 billion) Q1 MTM paper gains artificially inflated the S&P 500's Q1 growth rate by **9.0%** (from 19.3% to 28.3%). While these appreciating private assets structurally strengthen balance sheets and future capital spending war chests for the Magnificent-7, they introduce severe operational noise into forward equity valuations.
- Because current trailing figures are bloated by these non-cash valuation adjustments, the market faces an acute **multiples compression risk**. The elevated hurdle from Q1-2026 has already caused 1-year forward growth expectations (Q1-2027) for the S&P 500 to tumble from **21.6% to 13.4%**, meaning core, organic corporate operations must pick up the slack to sustain current market multiples.
- Economic growth strengthened modestly, with GDP expanding at an annualized 2.1% in Q1 2026. The latest four-quarter average increased to 2.7% from 2.1%, supported primarily by stronger net exports.
- Labour market conditions moderated, with slower payroll growth, a slight uptick in unemployment and a higher ratio of unemployed persons per job opening, indicating a gradual easing in labour market strength.
- Consumer spending moderated, with the four-quarter average declining to 1.4% from 2.1%. However, 12-month average retail sales growth accelerated to 5.6% YoY from 3.2%, indicating that household spending remained resilient despite a softer contribution to overall economic growth.
- Delinquency rates on consumer loans fell to 2.68% from 2.75% validate some improvement in credit quality although the rate is still marginally higher than the pre-pandemic level of 2.35%.
- Despite a moderation in economic growth, earnings expectations remain resilient, suggesting corporate fundamentals continue to hold up better than headline macroeconomic indicators.

Source: Factset, Bloomberg, Ionic Wealth, Data available as on June 30 , 2026

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Historically, Earnings Expansion Preludes Multiple Expansion Until Macro Worries Catch Up

2026 EPS growth is strong — the earnings expansion phase is largely underway or peaking. PEs are already above historical averages in most markets - multiple expansion has happened or is happening

	1Y Peak PE	1Y Fwd PE	10Yr Average PE	2026 EPS Growth	2027 EPS Growth
DMs					
SPX	23.1	20.0	19.1	27.1%	16.0%
STOXX	16.0	15.1	14.5	10.7%	11.3%
Nikkei	25.0	24.7	18.6	9.2%	3.4%
S&P/ASX	20.0	16.9	16.4	22.7%	6.9%
S&P/TSX	17.5	15.8	14.8	27.8%	8.9%
EMs					
Hang Seng	12.1	9.9	10.5	6.2%	12.7%
Taiex	21.0	20.2	14.9	47.0%	25.5%
Kospi	12.0	8.4	10.2	13.5%	33.9%
Ibovespa	10.6	8.3	10.2	27.2%	6.9%

S&P Sectors	1Y Peak PE	1Y Fwd PE	10Yr Average PE	2026 EPS Growth	2027 EPS Growth
Energy	21.0	12.6	39.4	69.0%	-11.1%
Info Tech	31.7	22.5	22.9	62.1%	32.0%
Materials	21.6	17.6	18.0	46.8%	9.3%
Utilities	19.6	17.9	17.8	10.8%	10.6%
Industrials	26.9	26.3	19.8	14.8%	16.0%
Comm. Services	22.2	17.9	16.8	23.8%	5.1%
Real Estate	37.7	36.2	39.4	15.6%	6.6%
Consumer Disc.	27.6	23.4	23.8	12.9%	11.8%
Consumer Staples	23.9	21.7	20.0	6.3%	7.8%
Financials	17.5	15.4	14.1	10.8%	6.9%
Healthcare	19.2	18.1	16.6	3.0%	19.6%

As 2027 earnings growth slows sharply—with many markets and sectors expected to expand at less than half their 2026 pace—the fundamental support for elevated multiples begins to weaken. With valuations already tracking above historical averages, markets are increasingly vulnerable to macroeconomic risks. If multiples remain extended without a corresponding acceleration in organic growth, an asset allocation shift away from highly valued sectors could be considered.

Source: Bloomberg, Ionic Wealth, Data available as on June 30 , 2026

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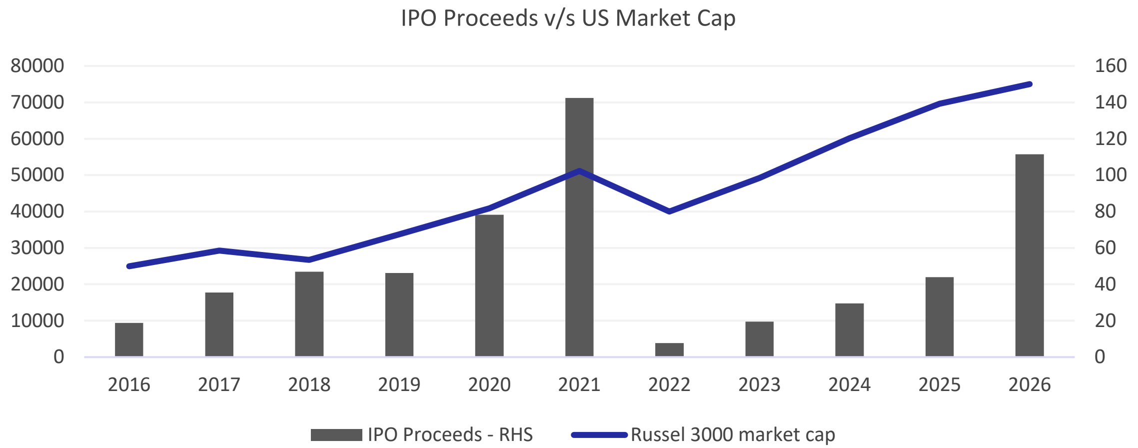
IPO Supply Is Rising, but Bubble Fears May Be Overstated

Although issuance has reached record nominal levels, it remains modest relative to total U.S. market capitalization



Till now, 2026 IPO proceeds of USD 111.4B represent record nominal levels but less than 0.2% of the $75T+ Russell 3000 market capitalization, demonstrating modest relative impact

Households are currently net buyers of U.S. equities at 3.0% of total corporate equity value, reflecting robust retail investor demand.

Life-cycle of an IPO

IPO
5% - 10% Float
Only a small portion of shares floated initially

Lock up Period
90 – 180 days
Insiders, Employees and investors cannot sell during the lock up period

Post-lock up expiry
Investors, Insiders, and VCs may start selling, free float increases

Gradual Index inclusion
Index providers include on free float, not total valuation

Supply v/s Demand Dynamics

Potential Increase in Supply

- Record IPO Issuance expected at USD ~260Bn in 2026
- Gradual rise in free float after lock-in expires (90-180 days)
- Potential Insider/VC selling

Demand Side Buffer

- Corporate Buybacks expected of USD ~1.5T in 2026
- Institutional & M&A activity have added USD ~900Bn in deal announcements H12026
- Home household net demand contributes ~3.0% of total corporate equity

Bubble fears are understandable today given the magnitude of upcoming mega IPOs. However, Demand from buybacks, household, and institutions currently exceed supply, suggesting markets can absorb incremental equity supply with significant downside pressure on valuations.

Source: JP Morgan Chase, Renaissance Capital, Bloomberg, Ionic Wealth, Data available as on June 30 , 2026

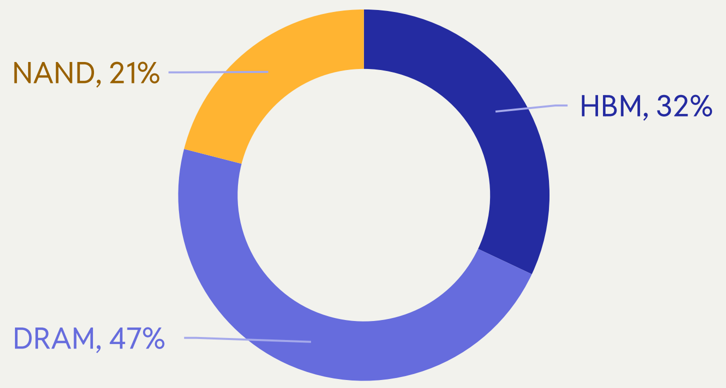
Memory Supply Constraints Could Persist Longer Than Expected

Strong AI-driven demand and supply constraints continue to support memory pricing and profitability.

The Memory Ecosystem

	HBM (High Band Width Memory)	DRAM (Dynamic RAM)	NAND (Flash Memory)
What is it?	A stacked DRAM architecture that delivers 5-10x higher data transfer speed	Volatile working memory for processors	Non-volatile memory that permanently stores data without power.
Primary Use	AI accelerators and data center GPUs	Computing devices and servers.	SSDs and mobile storage device
Key Customers	GPU OEMs, Hyperscalers	Server/PC/Mobile OEMs, Cloud Providers	SSD/Mobile OEMs, Cloud Providers

~ Revenue Contribution By Product



How AI drives the supply crunch and supports pricing

AI Demand surges
HBM Demand ↑
Server DRAM↑
SSD ↑

Manufacturers prioritize HB<
Higher margins
Limited HBM capacity

Conventional DRAM supply tightens
Less capacity for PCs/ Mobiles
NAND supply also tightens

Memory Prices Rise
ASPs increase
Product mix shifts to higher value

Memory makers margins expand
Higher ASPs
Better product mix
Operating leverage

Supply Expansion Requires more than new Fab

Semi-conductor Fabs
- Construction typically completed within 2-3 years
- Adds manufacturing capacity for advanced memory
- Demand will be able to meet supply and margins compress

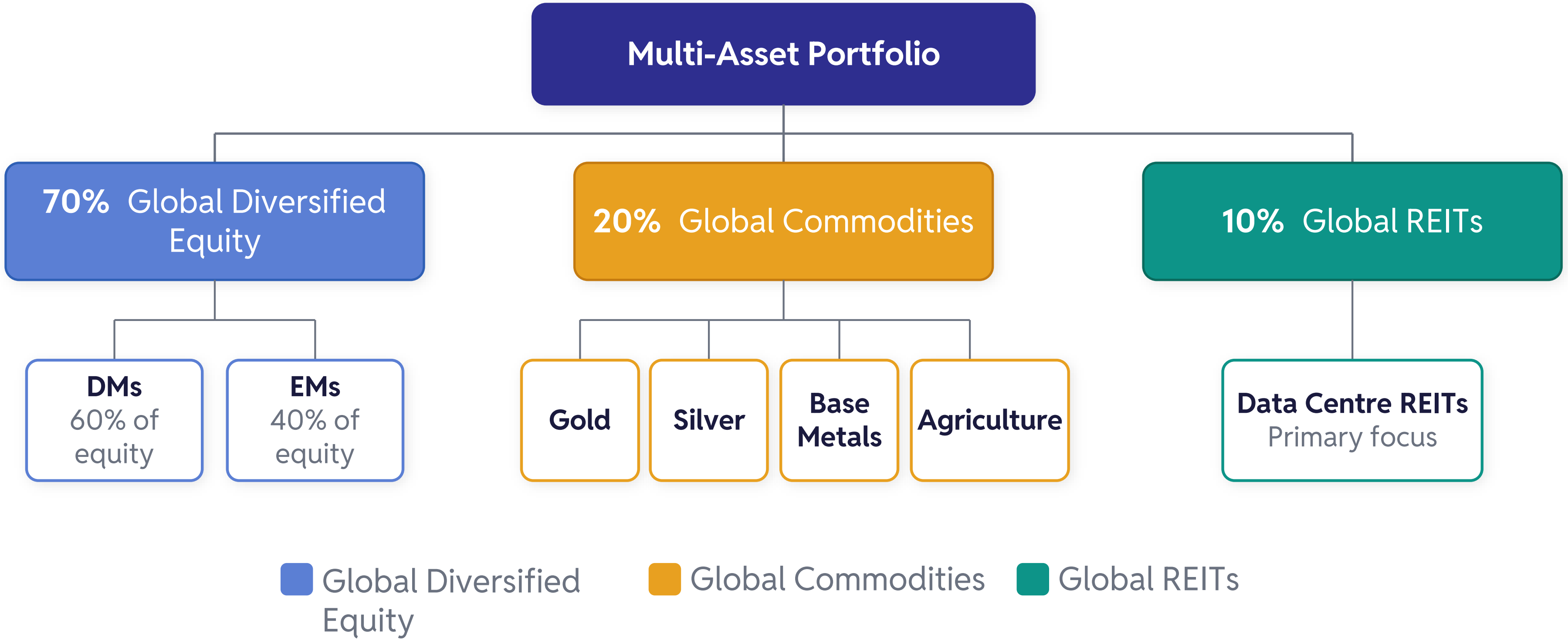
Critical Infrastructure
- Power and grid expansion require 5–10+ years
- Reliable electricity is critical for fabs and AI data centers to operate continuously
- Water availability can constrain production capacity

Key risks include slower AI infrastructure investment and adverse government policies, including trade restrictions and export controls, which could impact semiconductor demand and supply chains.

AI-driven demand has tightened memory supply, supporting stronger pricing and margin expansion across the memory supply chain. While new fabs may increase manufacturing capacity over the coming years, power, grid and other infrastructure constraints could delay meaningful supply additions, potentially extending the current memory cycle.

Source:SK Hynix, Bloomberg, Ionic Wealth, Data available as on June 30 , 2026

How To Position? Global Multi-Asset Strategy



- **Optimized Strategic Asset Allocation:** A disciplined **70/20/10 allocation across global equities, commodities, and select REITs** balances long-term growth potential with protection against structural inflation risks.
- **Gold as a Strategic Reserve Asset:** Within the 20% allocation to broad-based commodities, gold continues to be the primary position in the commodities basket. Increasingly supported by central bank reserve accumulation and de-dollarization trends, gold is evolving beyond its traditional sensitivity to real yields and the DXY, reinforcing its role as a long-term store of value.
- **Metals: Short-Term Headwinds, Long-Term Opportunity:** While a stronger DXY and softer cyclical growth may pressure base metals in the near term, the long-term outlook remains constructive. Persistent supply constraints and rising demand from electrification and energy-transition investments support a favorable outlook for metals such as copper and aluminium.
- **The Case for Zero Bond Exposure:** We remain **zero-weight duration**. The conditions that historically underpin sustained bond bull markets—accommodative monetary policy, fiscal discipline, and a stable sovereign. debt trajectory—are largely absent today, limiting the attractiveness of long-duration fixed income.

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