IONIC WEALTH
BY ANGEL ONE

The Investing Pantheon

November 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?

In November 2025, Global markets entered a period of heightened volatility after delivering resilient returns earlier in 2025. US markets, which portrayed greater strength and resilience led by optimism around AI and related themes, have started to observe some correction. *Whether this downtrend will continue or markets will bounce back remains a key question at this juncture.* The correction emerging in US indices reflects a combination of factors: stretched valuations in tech, rising uncertainty around the Federal Reserve's policy path, mixed macro data, and concerns about whether AI-related earnings upgrades can continue at the same pace. What initially began as a correction concentrated in US AI-linked names has now broadened, with global equity markets also starting to feel some pressure. In the near term, volatility is likely to persist as markets recalibrate expectations around growth, inflation, and the timing of future rate cuts.

Global Markets Showing Immense Volatility

After a tremendous run-up till October 2025, global markets have now started showing signs of weakness. The global market rally was highly linked to the AI names, and they are showing some stress as valuations remain stretched, macro data is delayed due to US shutdown and the sense of fears of is heightened. Market bubble leaking some air is actually a welcome sign of a healthier bull market.

Stretched Valuations in US equities, time to rotate into US Bonds?

The earnings yield gap of S&P 500 & 10Y UST has narrowed, which further reinforces that valuations are stretched, and the attractiveness of equities vs bonds has diluted. *In the past, such low earnings gap has led to sharper market corrections.*

Are US Treasuries Signaling Something?

The 10-year Treasury yield is trading at a minimal spread to the federal funds rate after witnessing negative spread for a while. In the past, yields falling below the federal funds rate is followed by deeper economic stress. *Could this lead to a worsening economic situation? Or could Fed catchup with preemptive rate cuts, making "this time different"?*

Global Commodity Prices Edging Up, Metals & Mining Outperform

Global commodity prices are gradually inching higher, largely driven by precious and industrial metals amid continued strong demand and lingering supply bottlenecks. Metals & mining have started to outperform MSCI world after two years. Solid global growth recovery however will be the key.

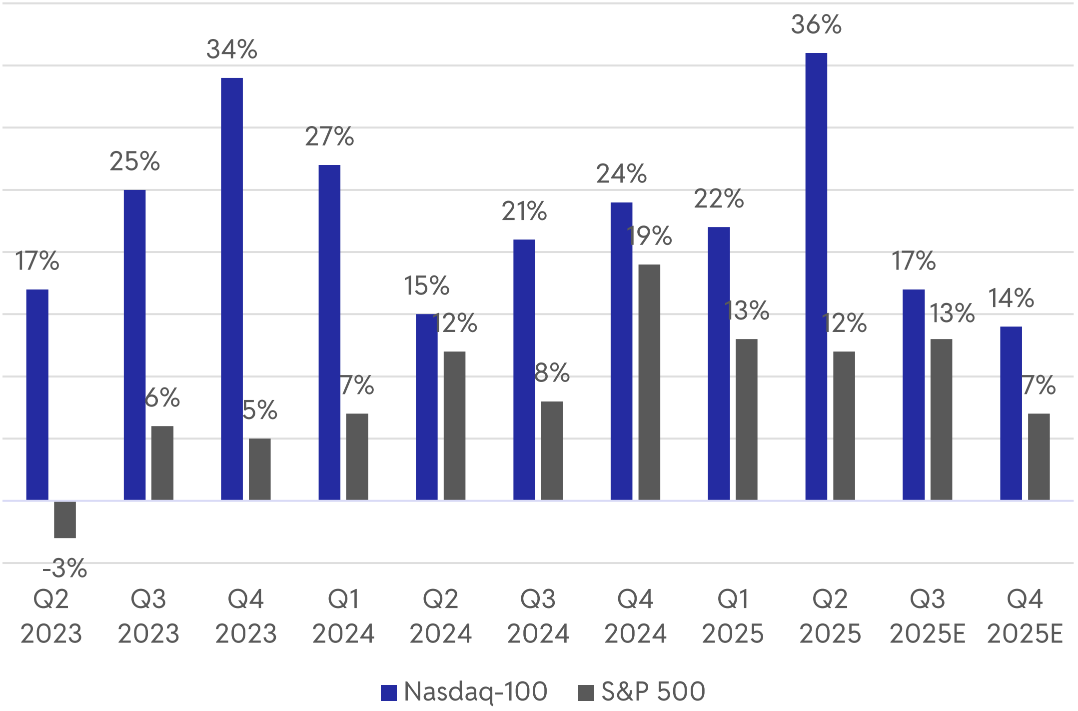
LATAM Offers Attractive Investment Opportunity

LATAM has emerged as one of the best performing regions in 2025, led by macroeconomic resilience, high real interest rates, broad-based currency appreciation and still modest valuations. Also, improving commodity outlook could further support the LATAM performance.

The global macro environment remains uncertain, dictated by trade conflicts, economic stress, divergent monetary and fiscal policies. Amidst this active managers are the ones that can create higher value for investors. We believe a diversified portfolio across geographies and commodities would be the ideal approach to navigate through intermittent volatility and to enhance risk-adjusted returns.

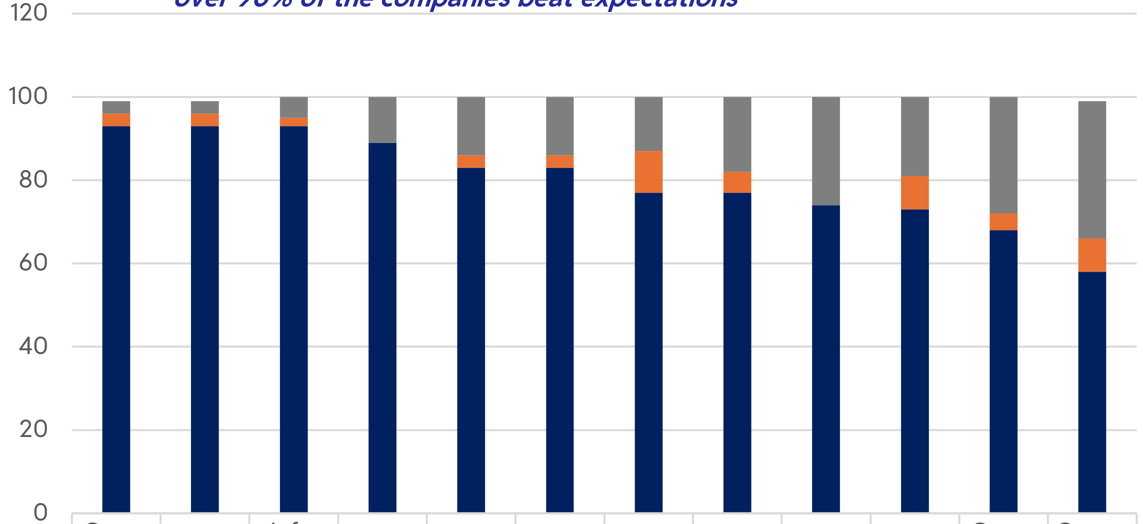
US Earnings: Strong Thus Far….

Net income growth remains solid, with NASDAQ-100 outpacing the broader S&P 500 index…



… Contours of earnings still very robust

Health Care, Consumer Staples, and Information Technology leading as over 90% of the companies beat expectations



	Consumer Staples	Health Care	Info. Technology	Financials	Industrials	S&P 500	Real Estate	Energy	Utilities	Materials	Consumer Disc.	Comm. Services
Below (%)	3	3	5	11	14	14	13	18	26	19	28	33
In-Line (%)	3	3	2	0	3	3	10	5	0	8	4	8
Above (%)	93	93	93	89	83	83	77	77	74	73	68	58

Source: Nasdaq, FactSet, Ionic Wealth, Data available as on November 24, 2025

The S&P 500 Q3 2025 earnings season was strong: ~13.1% year-over-year earnings growth, and ~82% of companies beating consensus. Six sectors saw year-over-year improvement in net profit margins in Q3 2025, led by Information Technology (27.7% vs. 25.1%), Utilities (17.2% vs. 14.8%), and Financials (20.2% vs. 17.0%). Conversely, five sectors posted margin declines, with Communication Services seeing the steepest drop (12.4% vs. 14.8%).

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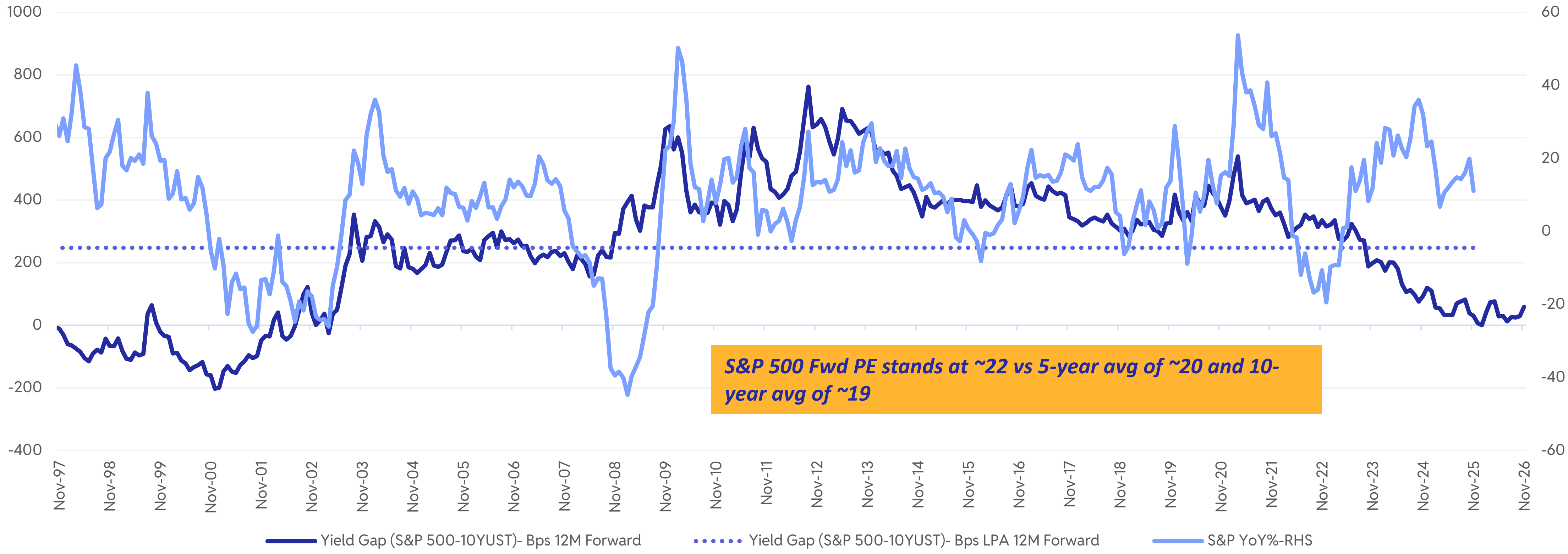
BUT Valuations Are Out Of Comfort Zone, Bonds Are Relatively Cheaper

The earnings yield gap between S&P 500 and 10Y UST has narrowed, reflecting a moderation in the relative attractiveness of equities over bonds- *Could this mark as an early warning signal for a broader market correction?*



Source: Bloomberg, Ionic Wealth, Data available as on November 24, 2025

The earnings-yield gap has narrowed mainly because equity valuations have climbed, with the US market's P/E ratio rising on the back of solid earnings and strong investor sentiment. But since bond yields remain high, the jump in equity prices has reduced the extra return investors get from holding stocks over safer, risk-free assets.

And Sentiment Of Fear Has Been Dominant, A Marked Shift To Defensives Started In November

Korea remains the strongest performer YTD. US has corrected significantly in November, led by renowned AI Bubble fears…

	1-Jan-25	1-Nov-25	24-Nov-25	CYTD Return %	MTD Return %
MSCI World	**3707.9**	**4390.4**	**4296.1**	15.9	-2.1
MSCI US	5617.2	6544.5	6399.6	13.9	-2.2
MSCI World Ex US	326.0	410.0	399.0	22.4	-2.7
MSCI Europe	169.9	191.2	188.2	10.8	-1.6
MSCI Japan	1716.1	2060.0	2024.3	18.0	-1.7
MSCI UK	2332.2	2767.5	2719.2	16.6	-1.7
MSCI Canada	3186.4	3881.4	3929.9	23.3	1.2
MSCI EM	**1076.5**	**1401.6**	**1342.1**	24.7	-4.2
MSCI China	64.7	86.3	83.9	29.7	-2.8
MSCI Taiwan	967.2	1230.5	1141.4	18.0	-7.2
MSCI India	2855.9	3028.2	3040.7	6.5	0.4
MSCI Korea	717.0	1317.4	1221.6	70.4	-7.3
MSCI LATAM	1852.6	2574.0	2622.7	41.6	1.9

… A marked shift is visible

	CYTD Return %	MTD Return %
Defensive Basket		
Consumer Staples	0.3	0.9
Utilities	17.0	-0.4
Health Care	12.7	7.6
Energy	3.5	0.4
Consumer Discretionary	1.2	-5.6
Financials	7.2	-0.9
Industrials	13.6	-3.3
Communication	31.4	4.4
Real Estate	0.9	0.2
Materials	3.2	1.0
Info Tech	21.5	-6.0
S&P 500	14.0	-2.0

Source: Bloomberg, Ionic Wealth, Data available as on November 24, 2025

US equities are seeing a *considerable correction* in November 2025 so far — and the largest hits are being taken by tech and consumer discretionary sectors. This is being driven by valuation concerns in tech, signs of weakness in consumer/ labour markets, and policy uncertainty around interest rates. The correction could be a normal pull-back, or it could signal a broader shift depending on what happens next in macro data.

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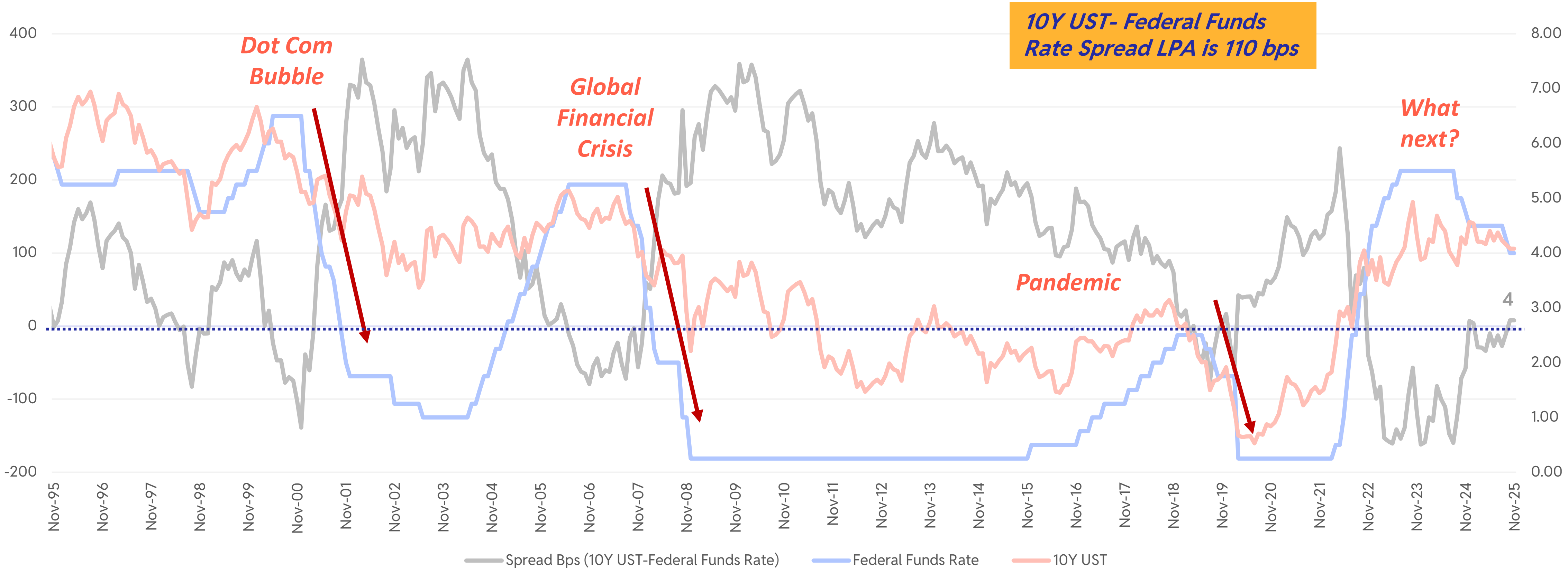
Are Bond Markets Getting Eerie? Yes, But Hard To Time The Correction

U.S. Treasury yields often dip below the Fed Funds Rate ahead of economic stress/crises — an early warning signal of economic stress?

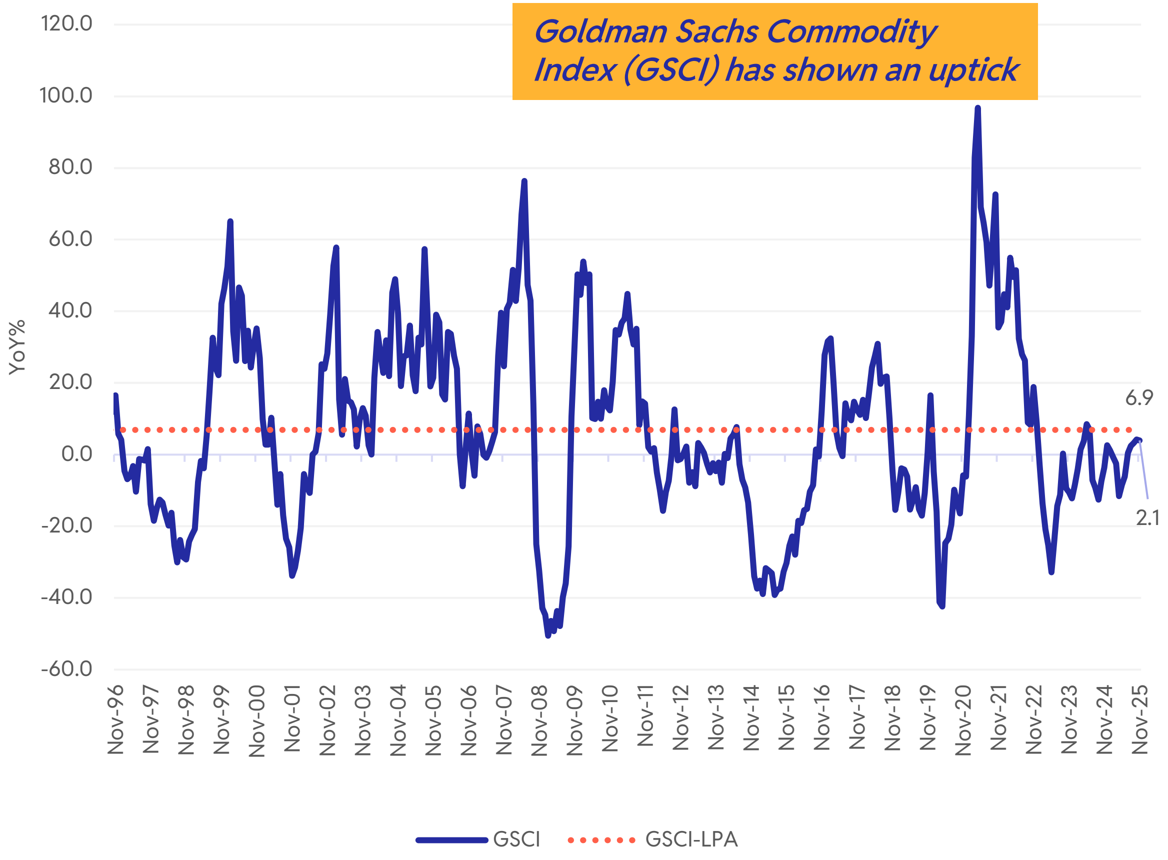


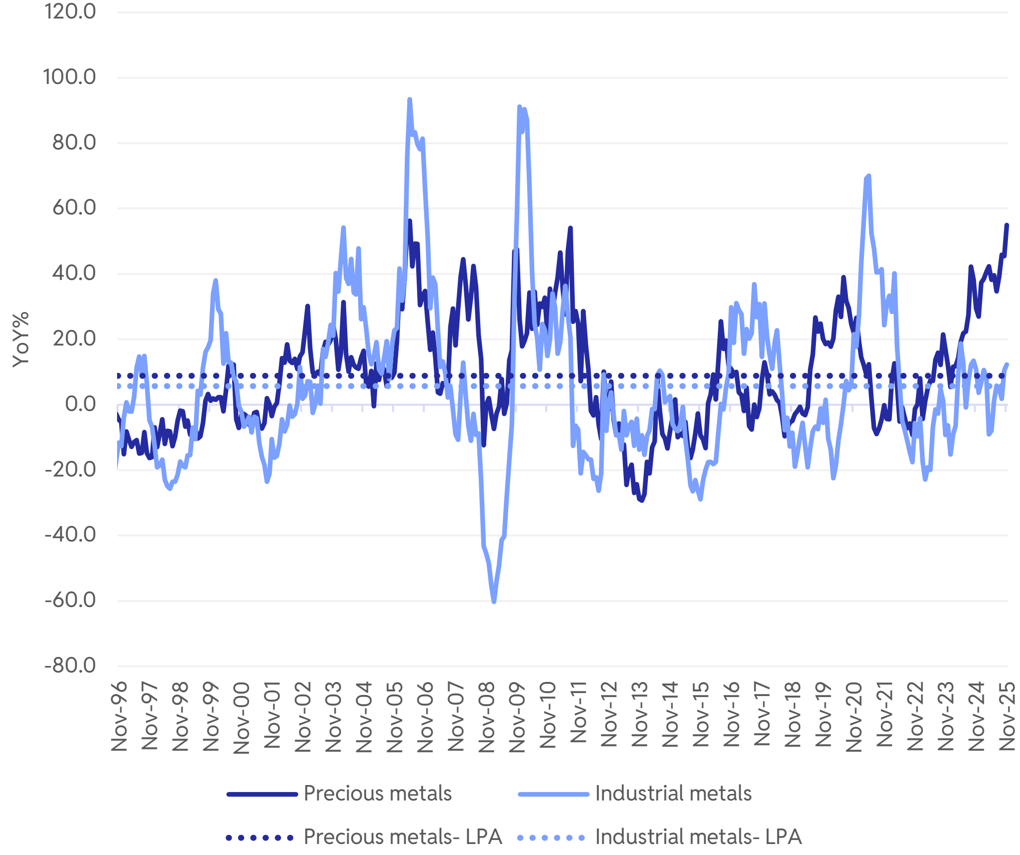
Source: Bloomberg, Ionic Wealth, Data available as on November 24, 2025

When U.S. Treasury yields fall below the Federal Funds Rate, it signals rising concerns about future economic weakness. Such an inversion—where market expectations diverge from the Fed's policy stance—has historically been an early indicator of economic stress or recession. Since late 2022, the spread has remained negative for an extended period, only recently turning slightly positive at around 4 bps. This raises an important question: could history repeat itself, with U.S. Treasury yields declining sharply in response to deeper rate cuts if growth concerns intensify?

Is Global Commodity Inflation Returning? Growth Rebound Remains Key

Global commodity prices are gradually inching higher, largely driven by precious and industrial metals amid continued strong demand and lingering supply bottlenecks. The question remains- *can this uptrend sustain, or is this a temporary phase largely driven by supply shortages?*





Source: Bloomberg, Ionic Wealth, Data available as on November 24, 2025

Global commodity inflation appears to be gradually firming, supported primarily by an upswing in precious and industrial metals. Persistent supply bottlenecks, improving prospects for the global demand cycle (although revival in China demand would remain key), and the recent escalation in US trade tariffs are contributing to upward price pressures across most commodity segments. However, oil prices remain an exception, weighed down by ample supply buffers and a more balanced demand outlook.

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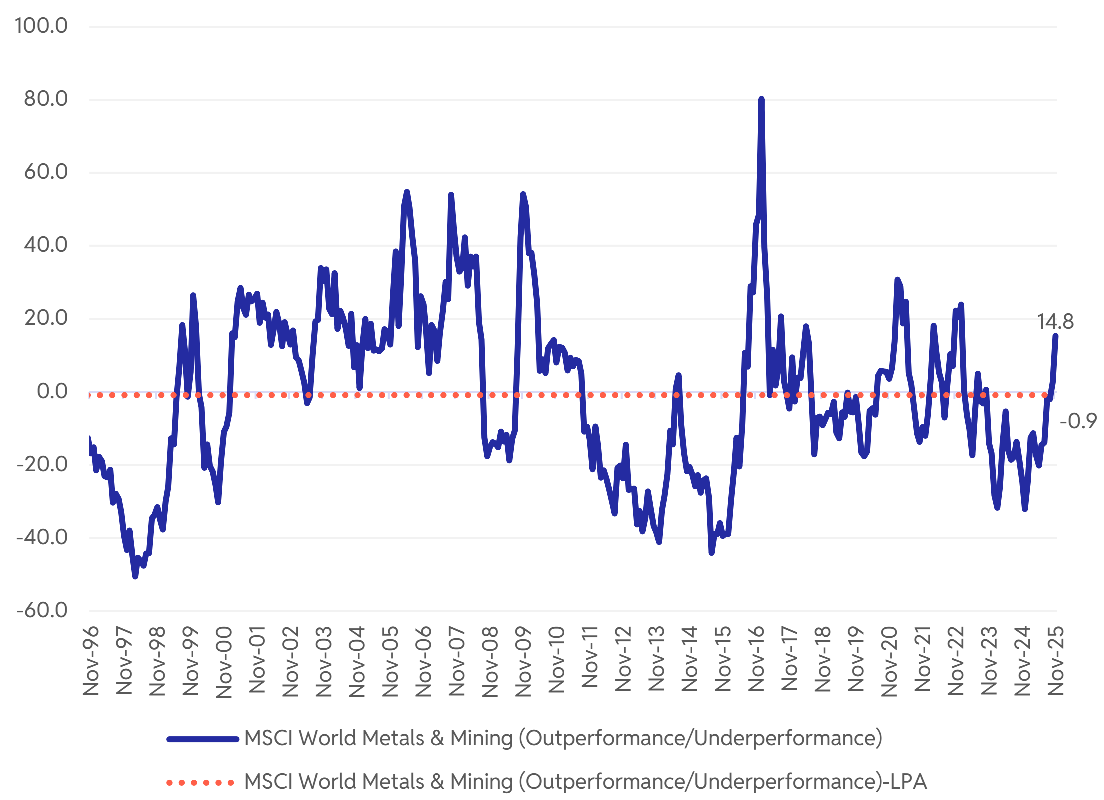
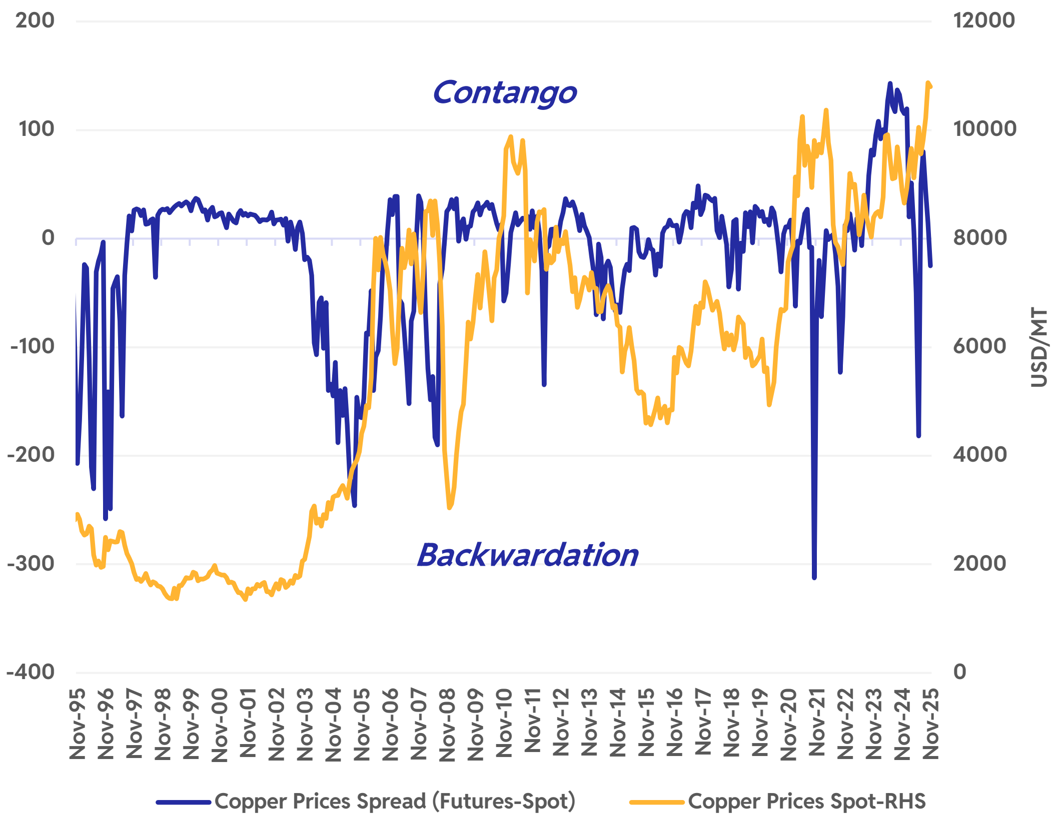
Mining Momentum Builds: A Breakout Over the MSCI World Index

The Metals & Mining index has outperformed the MSCI World Index for the first time in two years, aided by an upswing in industrial metal prices. The recent backwardation in copper futures indicates tightness in physical supply.





Source: Bloomberg, Ionic Wealth, Data available as on November 24, 2025

The metals and mining index has begun to outperform the broader global equity market, driven by a pickup in industrial metal prices, tighter supply conditions, and possibly an early signs of improving global demand cycle. Persistent supply bottlenecks, under-investment in mining capacity, and rising demand from manufacturing and energy-transition sectors have strengthened pricing power for miners, supporting the sector’s relative performance.

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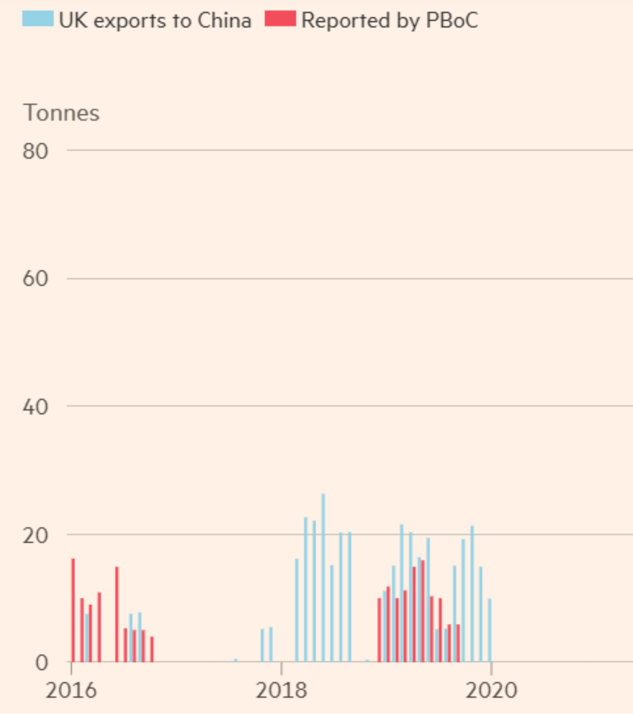
Gold's Long-term Story Intact, China's "Unreported Gold Imports" Has Material Impact On Prices

Elevated geopolitical tensions and rising risk aversion have significantly reshaped central-bank reserve strategies in recent years. A key driver of this trend is China, which has been steadily increasing its gold holdings both through ***officially reported PBoC purchases and through broader imports channelled via state entities.***



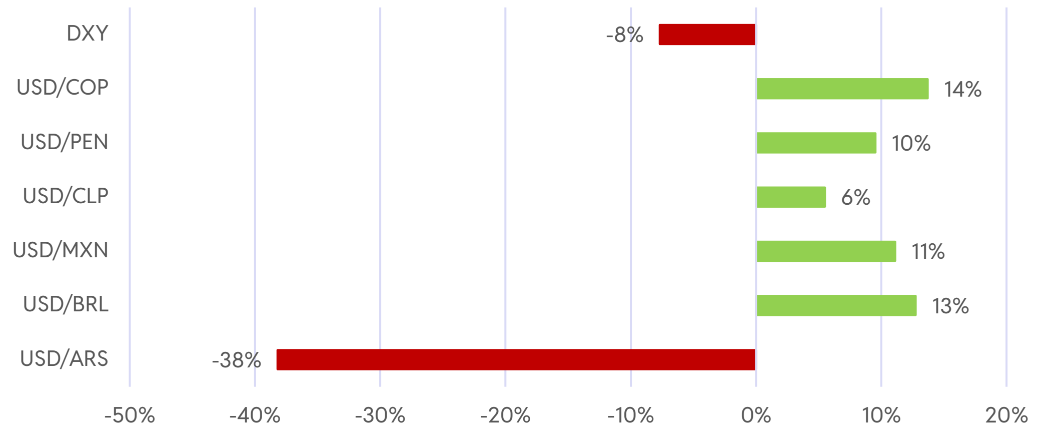
China's unreported gold purchases could be more than 10 times its official figures

Source: Financial Times

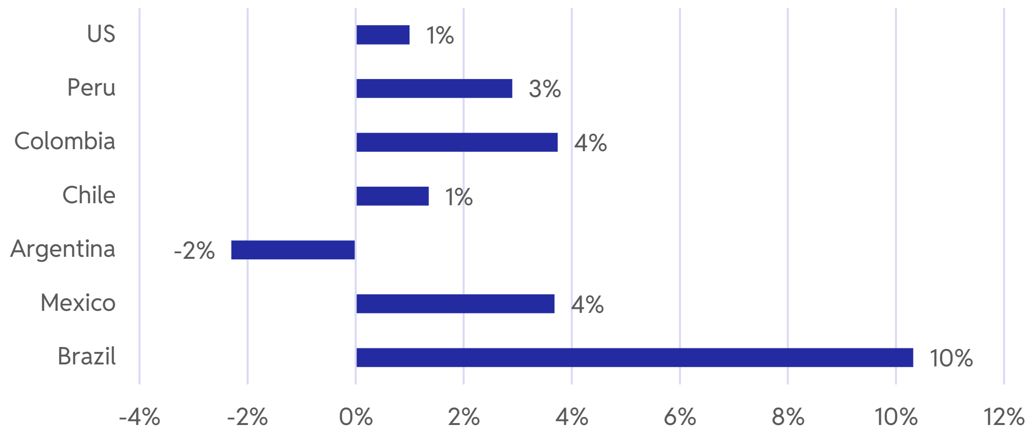
China's efforts to accumulate gold reserve both through official and unofficial channels reflect its strong ambition to move away from traditional reserve assets such as US treasuries.. For China, gold accounted for about 2.9% of total FX reserves pre-COVID, a share that has since risen to roughly 7.7%. This sharp increase underscores the country's urgency to enhance reserve independence and strengthen balance-sheet resilience.

LATAM Emerged As One Of The Best Performing Regions in 2025- *What Changed?*

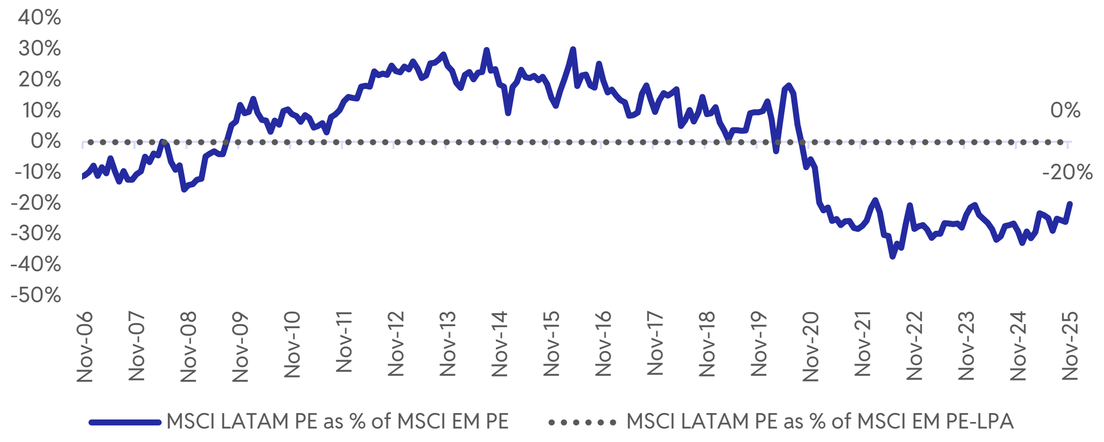
Except Argentina, other key LATAM currencies have appreciated against USD YTD



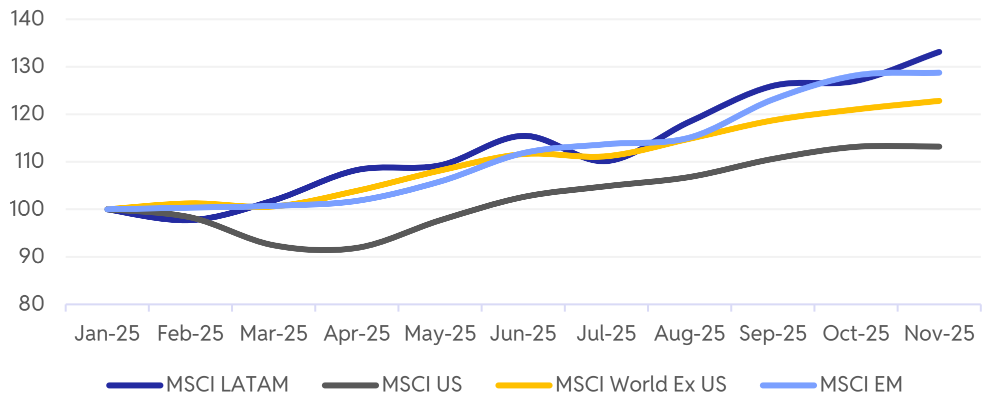
Except Argentina, most of LATAM countries offer higher real interest rate compared to US



MSCI LATAM trading at a significant discount to MSCI EM



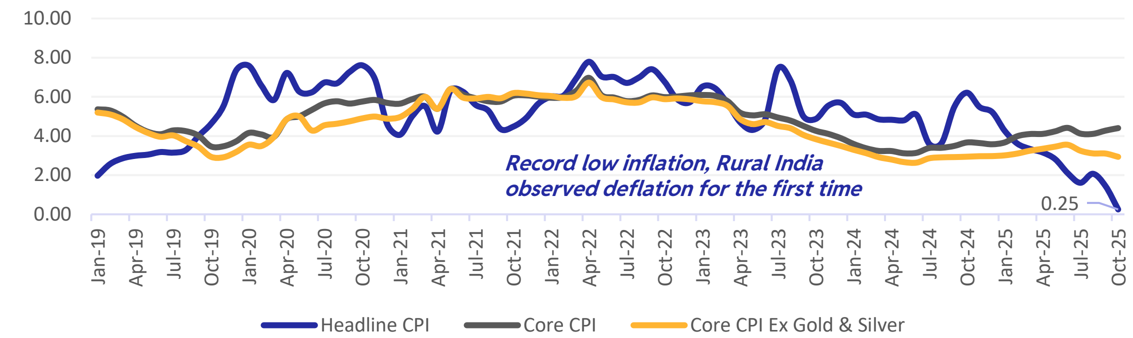
LATAM so far in 2025 has outperformed MSCI US, MSCI World Ex US and MSCI EM Indices



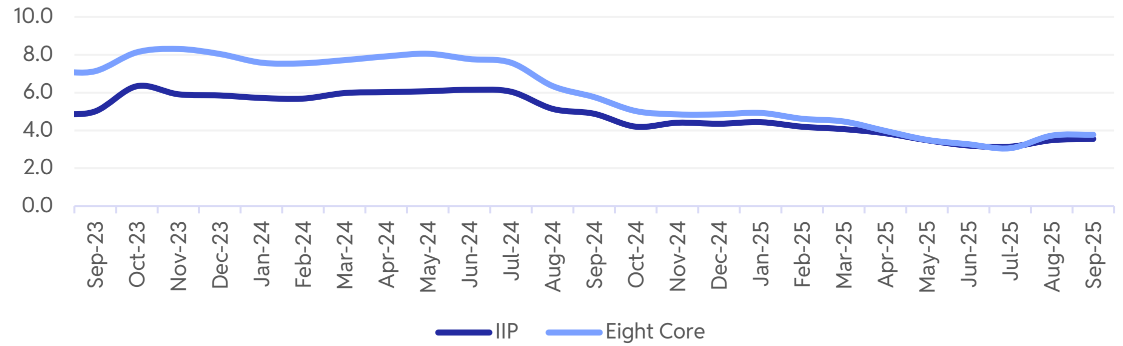
Source: Bloomberg, Ionic Wealth, Data available as on November 24, 2025

India: Domestic Inflation Environment Conducive For Further Cuts, Sustained Growth Recovery Awaited

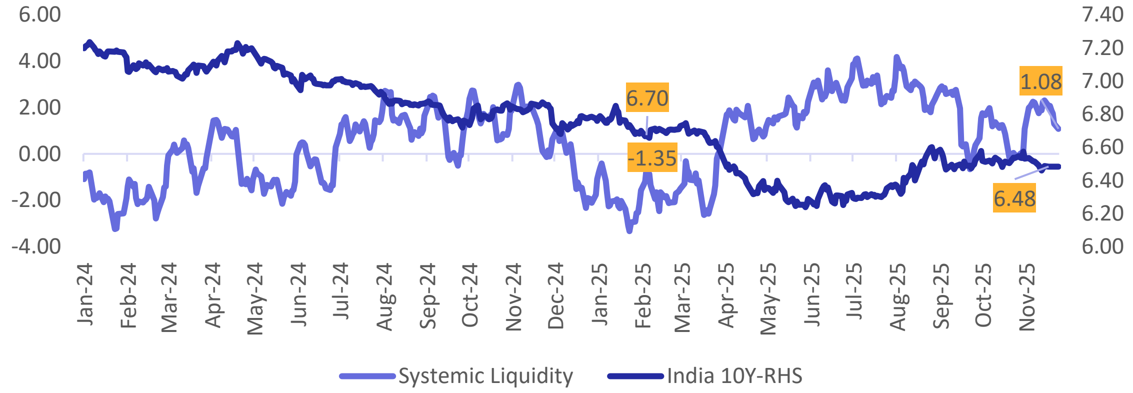
India's CPI inflation remains comfortably below RBI's 4.0% target; higher gold & silver prices keep the Core Inflation above 4.0%



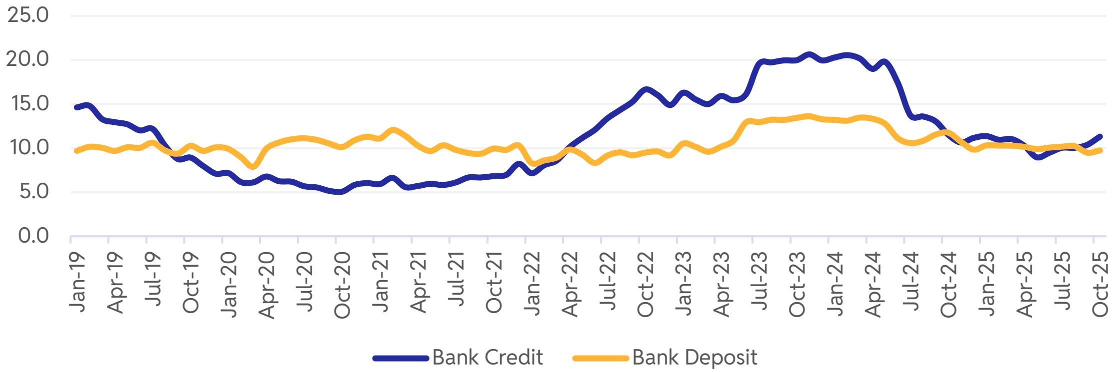
Both the **Eight Core Industries** and **IIP data** point to a marginal recovery in growth momentum



Favorable liquidity conditions and rate cuts keep the yields soft



Nascent recovery in bank credit growth visible– Can this trend continue?



Source: CMIE, Bloomberg, Ionic Wealth, Data available as on November 24, 2025

Domestic inflationary environment remains benign with headline CPI inflation remaining much below RBI's target of 4.0%. While inflation remains comfortable, growth momentum in the economy continues to be slow, however some nascent signs of recovery are visible.. Bank credit growth remains low, although, ample surplus liquidity, lower interest rates and revival in consumer confidence should pick-up credit growth in the coming months. This scenario underscores an optimistic outlook where inflation stability provides room for growth-supportive policies.

In a nutshell,

This remains a time to trust active managers. It has been 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.

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