

**IONIC WEALTH**  
BY ANGEL ONE

# The Investing Pantheon

April 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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# What Are We Saying?

We have been highlighting global policy uncertainty for a while but the ‘liberation day’ took it to another magnitude. The 90-day pause has delayed the real picture of what lies ahead and markets/investors had to look at conjectures. Laser sharp focus on earnings, domestic macros of the country, valuations and other core investing principles will lead to outsized returns in the 3-5 year period. Not falling prey to common narratives is the real test for investors.

## US : Economic strength is fading in soft data, hard data more resilient but uncertainty is at center stage

Global investors are dealing with unprecedented uncertainty and therefore the predictability power of macro data is hindered given unusual behavior such as import boom to avoid tariffs later or UST and DXY diverging. There’s a confidence crises bubbling.

## US: Good Stocks Are Getting Cheaper

The uncertainty is making some solid companies cheaper despite the upwards earning revision. It can be a good ground to hunt solid wealth creating opportunities. NASDAQ 100 has de-rated but EPS has seen an upward revision.

## India: Valuation comfort + turning economic data

The high frequency data is showing green shoots, but it is not very broad based. Monetary reflation is finally here. But not all is well. A staggered approach can help navigate volatility

## China is conflicted yet not dumped

Chinese indices were surprisingly robust despite the news building like the world is against them. Local China story+ stimulus+ tech advancements+ China’s position in global world order has protected them so far.

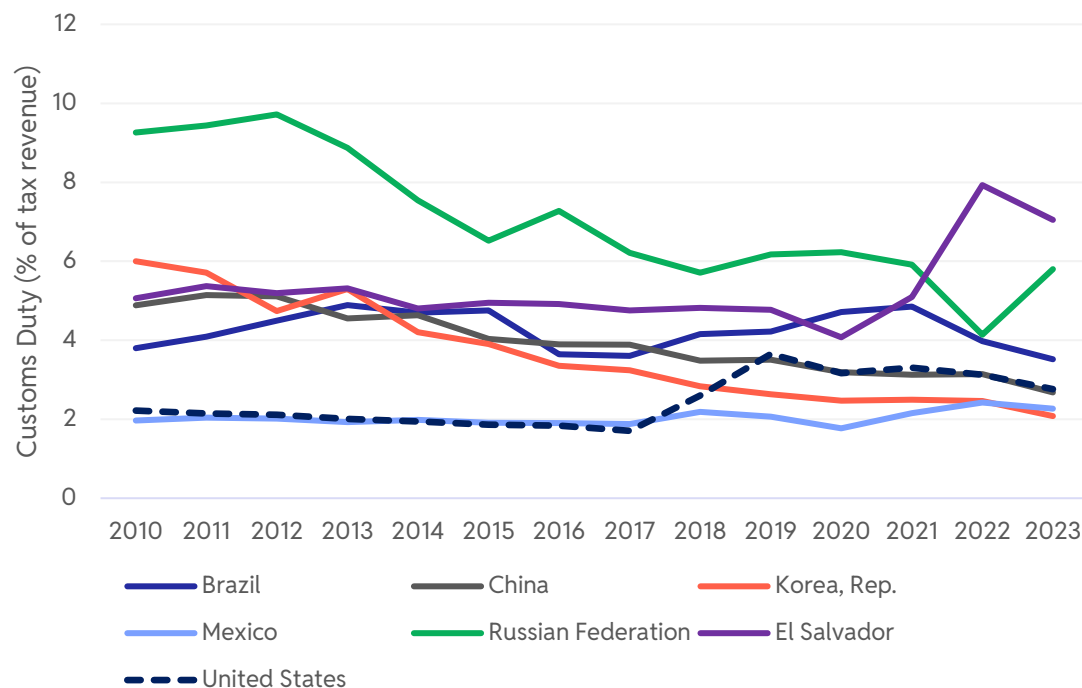
## Global policy is now more important than ever

The policy making of Trump and how the countries retaliate will be the most important driver of asset classes hereon. We continue to keep a sharp eye on this space. Gold and silver may offer a hedge against volatility.

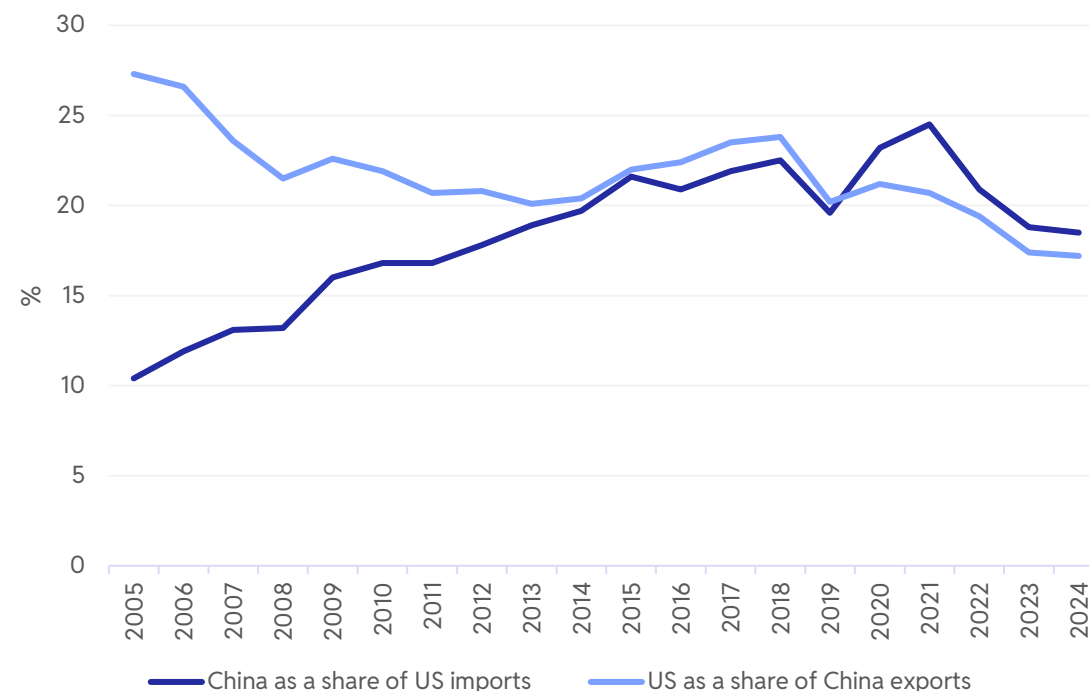
FY26 has started with all things unfamiliar, it is upon the markets now to carve out symphony amidst the noise. We believe that de-escalation remains the largest probability which means markets today can be a fertile ocean to hunt for quality opportunities.

# Trump Is Trying To Undo History But Can He Alone? And Will It Be Any Good?

US has been at the front foot of globalization, reducing its customs and sustainably so, can it actually reverse it now?



US needs Chinese exports more than China needs US imports unless onshoring happens, exemptions are a way to buy time



Source: worldbank.org, Ionic Wealth, Data available as on April, 2025

Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

US has implemented reciprocal tariffs on a broad spectrum of trading partners, encompassing roughly 95% of its imported goods from 180 countries. This policy has elevated the average effective tariff rate from 2.3% to between 20% and 25%. The specific tariff rates imposed on individual countries vary, with China facing the highest rate. The ensuing instability has increased market volatility as economic growth is expected to slow, inflation to rise, and job losses to increase.

**The 90-day tariff pause came as a relief amidst the chaos but the definition of pause is it can be resumed.**

# What Happens Now?

Aggressive Trade, Austere Budgets: A New Policy Playbook. Can Trump achieve without collateral damage?

Evolution of Trump Administration’s Trade and Fiscal Strategies	
Trump 1.0	<p><b>Investigation initiated by relevant departments over several months — slower process</b></p> <ol style="list-style-type: none"> <li>Implemented sections 301, 232, 201: Tariff warnings issued only after investigations conducted through Department of Commerce</li> <li>Imposed tariff of 7.5-25% on "specific goods" from China</li> </ol>
	<p><b>Direct presidential executive orders - significantly faster</b></p> <ol style="list-style-type: none"> <li>Cites the International Emergency Economic Powers Act (IEEPA) to bypass lengthy investigations, enabling direct executive orders</li> <li>Implements reciprocal and uniform tariffs on all countries, not just selected targets</li> </ol>
Trump 2.0	<p><b>Prioritization of spending cuts</b></p> <p>Works to reduce government size through federal hiring freezes and dismissal of employees in probationary period</p>
	<p><b>Trade Policy Objective</b></p> <p>Negotiate with countries to eliminate trade deficits, encourage manufacturing reshoring, and increase tariff revenue to offset fiscal deficit</p>
<p><b>Fiscal Policy Objective</b></p> <p>Reduce fiscal deficit, using tariff revenue to partially offset subsequent tax reduction policies</p>	

Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

Three Scenarios for Trump’s Trade War, Market Reactions Likely To Be Volatile

Scenario	Description	Market Impact	Investor Strategy
1. Most likely, extreme but only US and China	Trump starts with harsh rhetoric & tariffs but negotiates back to center, punishing mainly China.	Short-term volatility, eventual stabilization.	Buy value in this volatility, China’s fate will depend on domestic consumption revival.
2. More likely, a long period of uncertainty	Trump oscillates between threats and softening, creating ongoing uncertainty.	Sustained high volatility, risk-off sentiment.	Favor defensive sectors, volatility hedges, and flexible asset allocation, precious metals positive
3. Least likely and most positive, a full U-turn	De-escalation takes hold, certainty returns to markets, minimal new tariffs.	Boost to global risk assets, trade flows normalize.	Add EM exposure, cyclical bets, and global exporters.

Source: Ionic Wealth, Data available as on April, 2025

China understands that the U.S. cannot easily replace its dependency on Chinese goods, particularly through its supply chains. While direct U.S. imports from China have decreased, many goods now imported from third countries still rely on Chinese-made components or raw materials. By 2022, the U.S. relied on China for 532 key product categories – nearly four times the level in 2000 – while China’s reliance on U.S. products was cut by half in the same period. China is playing with a position of strength, the end is unlikely to be in few days.

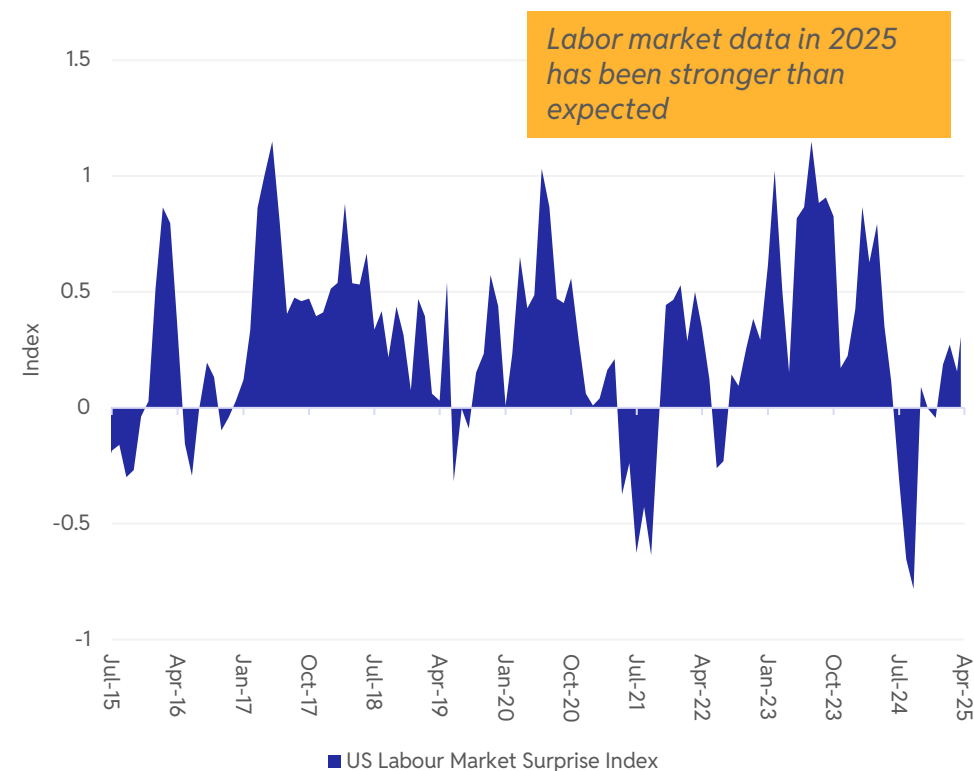
# US Macro Data Is Not That Weak **YET**

U.S. Hard Data Holds Firm Amid Broader Uncertainty...

	Indicator	Most Recent	6m ago	1y ago	Assessment
<b>Soft Data</b>	Composte PMI (Index)	51.6	54.6	52.5	Weakening
	Consumer Sentiment (Index)	57.9	70.1	79.4	Weakening
	Homebuilders' Sentiment (Index)	39	41	51	Stable (but weak)
	Policy Uncertainty (Index)	313.3	99.9	123.9	Rising sharply
<b>Hard Data</b>	Private Sector Jobs Growth (YoY, converted to monthly pace in thousands)	129.7	111.4	125.7	Stable
	Unemployment Rate (%)	4.1%	4.2%	3.9%	Stable
	Initial Claims (SOS Rule)	1.20%	0%	13.50%	Stable
	Real Wage Growth (% YoY)	1.20%	1.40%	1.00%	Stable
	Retail Sales (%YoY)	5.20%	4.40%	3.40%	Stable and strong
	Job Openings (YoY)	-9.50	-16.50	-15.70	Declining (but more slowly)
	Manufacturing New Orders (%YoY)	2.10%	0.50%	-0.30%	Accelerating
	Real Residential Construction Spending (%YoY)	1.40%	2.70%	6.90%	Stable (but weak)
	Real GDP Tracker (%YoY)	2.30%	2.40%	1.60%	Stable

Source: Bloomberg, Ionic Wealth, Data available as on April, 2025  
Note: Indicator division by JP Morgan

...especially the labour market data has been resilient

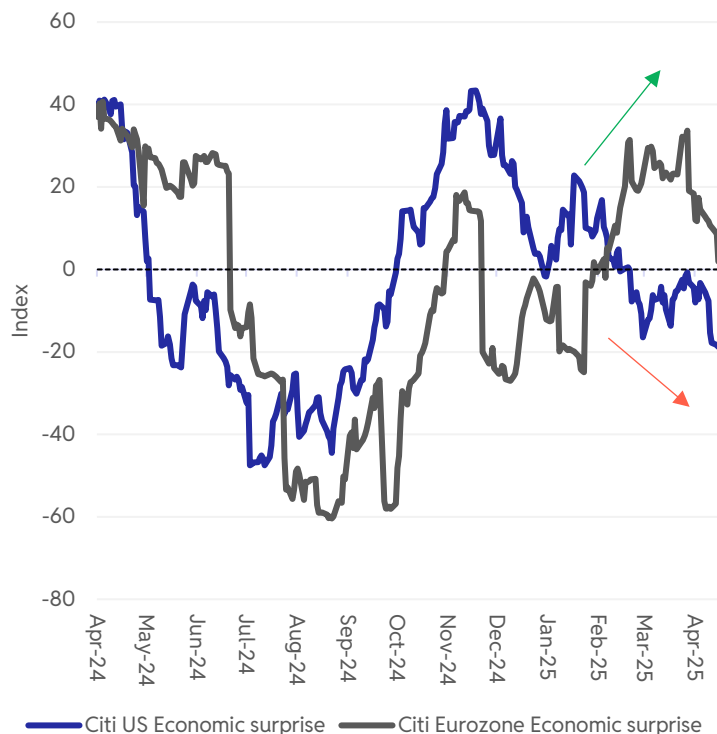


Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

Soft data has turned faster than on ground data. Historically, soft data has not always proven to be a lead indicator for the hard data. Although markets have absorbed some softness in U.S. consumer data in early 2025, we believe the labor market indicators point to continued strength supporting a healthy consumer. The unemployment rate stayed low, non-farm payrolls have averaged 200,000 over the past three months, and initial jobless claims show no signs of strain.

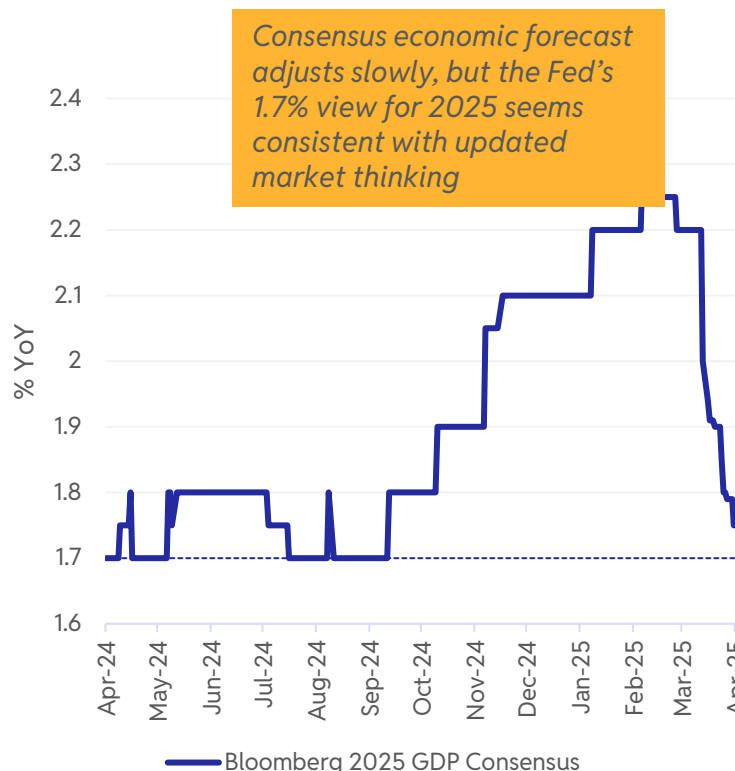
# ...But The Cracks Shouldn't Be Ignored

European Data has continued to stay positive while US Data has disappointed



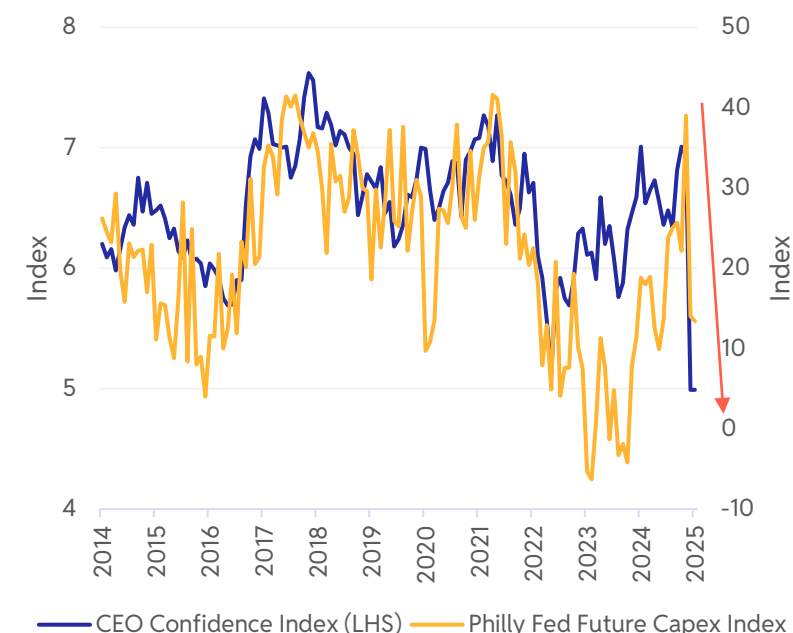
Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

GDP growth forecasts have taken a hit amidst front loading of imports



Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

High Policy Uncertainty and weakening business confidence may dampen CapEx Impulse

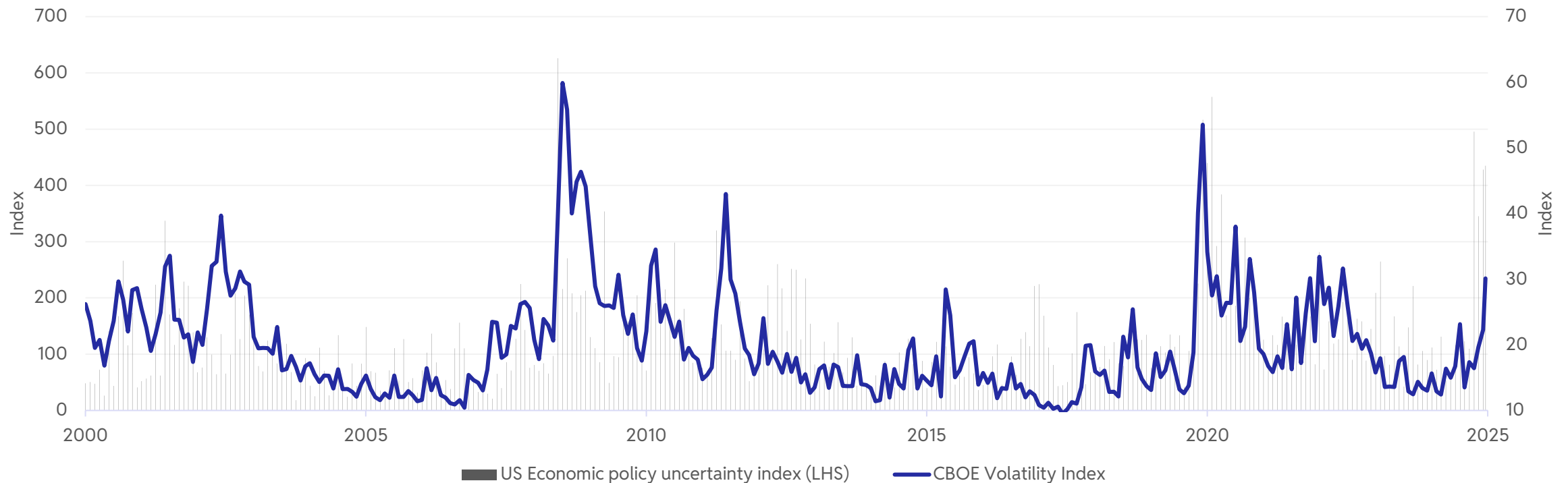


Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

Government policy has been the main factor causing divergent revisions in GDP growth forecasts, with upward adjustments for Europe and downward ones for the U.S. Early 2025 data surprises have further supported this trend. The growth impact stems from real income erosion, import compression, and policy uncertainty. Based on historical multipliers and confidence-adjusted elasticities, the drag on GDP ranges from -1.5% (if partial rollback) to -3.0% (if fully retained). This places 2025 real GDP growth in the 0.2–1.7% range (vs prior 2.0–2.2%), with sequential quarterly contractions possible starting Q4 202

# Policy Uncertainty Has Been The Main Driver Of Market Volatility

Economic policy uncertainty has spiked to levels consistent with past crises. A Volatility Index of 30.1 as on 15<sup>th</sup> April suggests monthly volatility of 8.7%



Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

The new administration has shown a higher-than-anticipated willingness to accept growth challenges in order to achieve its trade objectives. The unveiling of policy to date has been all stick, no carrot (Liberation day meant tariff introduction and tax cut??). Trade policy has injected higher levels of uncertainty without clarity of offsets elsewhere in the agenda. Consensus estimates for U.S. GDP growth adjust slowly, but the 1.7% GDP forecast in the Fed's latest Summary of Economic Projections seems like an appropriate new benchmark for growth.

# US Dollar: Where From Here? Depends on Fed's Uncertain Action....

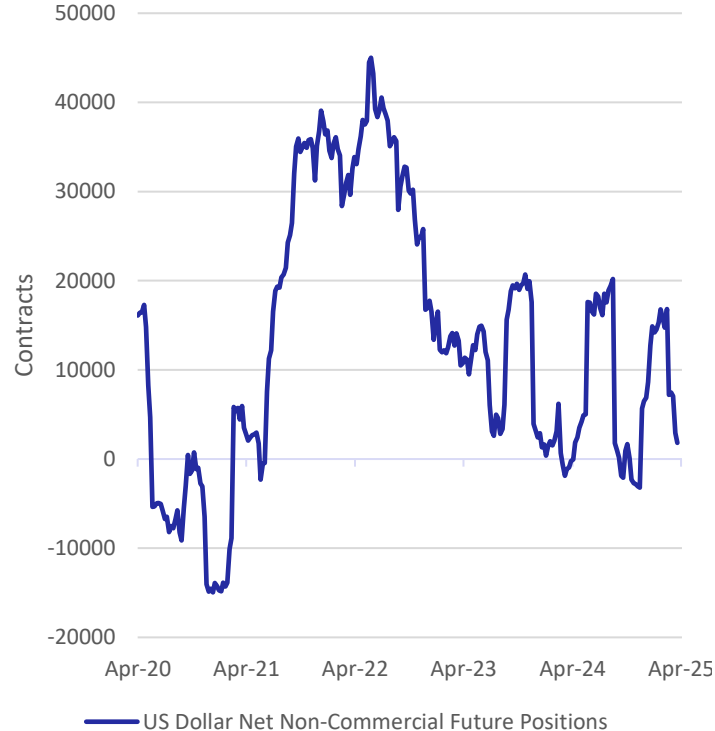
Dollar Index Weakening is policy framework as has been the prominent theme thus far

Dollar future positions are on a downtrend, long buildups have fallen

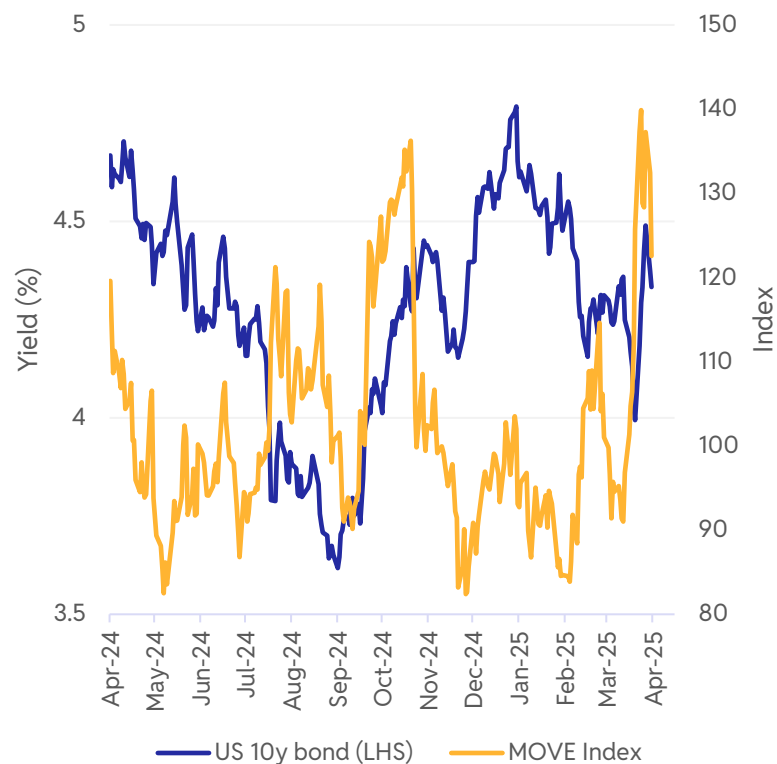
Basis Trade unwinding sent treasury yields soaring, bond markets are highly volatile



Source: Bloomberg, Ionic Wealth, Data available as on April, 2025



Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

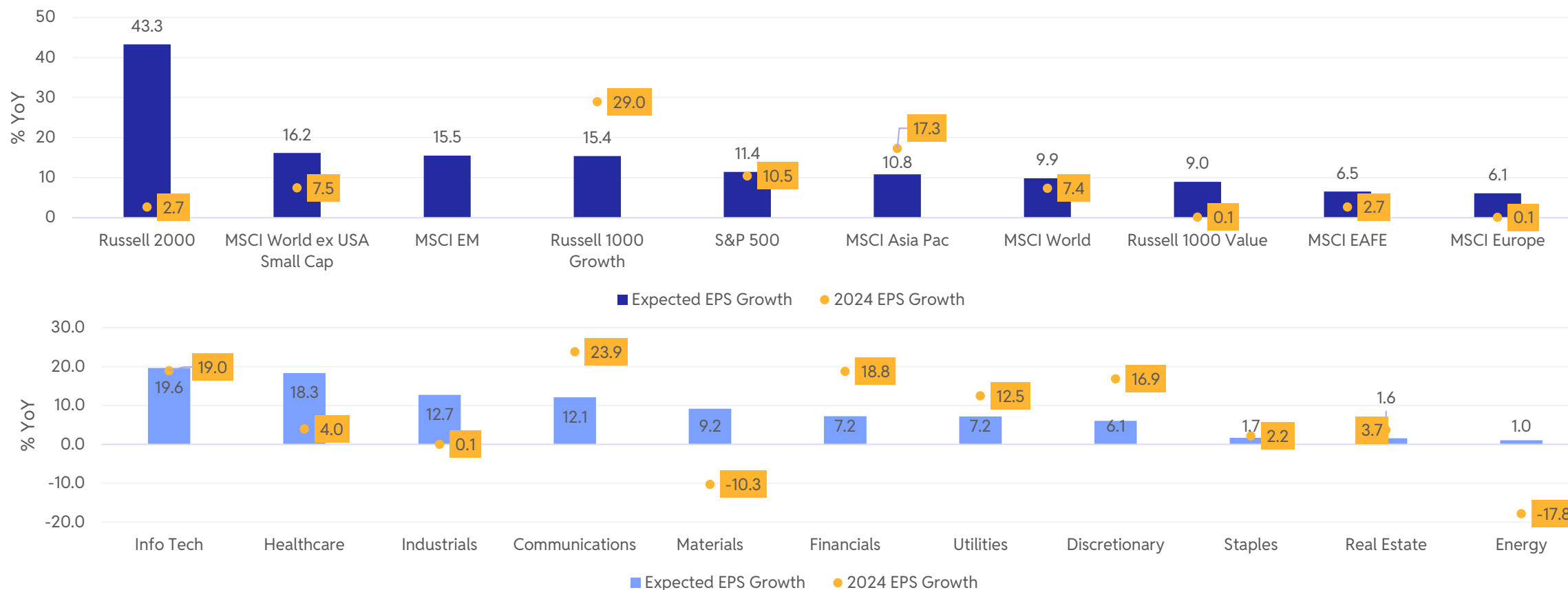


Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

The dollar has tumbled more than 9% since January. The weakening dollar has been accompanied by rising U.S. bond yields via the basis trade, an unusual situation that has led some to worry U.S. investments are losing their appeal as a global safe haven. The dollar's selloff could be tied to investors moving money out of U.S. assets and into European counterparts, as seen from the recent price movement in Europe. Recently, the inverse relationship between the dollar and bond yields has re-emerged, reflecting growing concerns over potential stagflation

# Despite All That, US Earnings Expectations Have Not Taken Significant Hit

For Q1 2025, the earnings growth rate for the S&P 500 is 7.3% YoY. If 7.3% is the actual growth rate for the quarter, it will mark the seventh-straight quarter of earnings growth reported by the index. **SMIDs + Tech is a good earnings spot.**



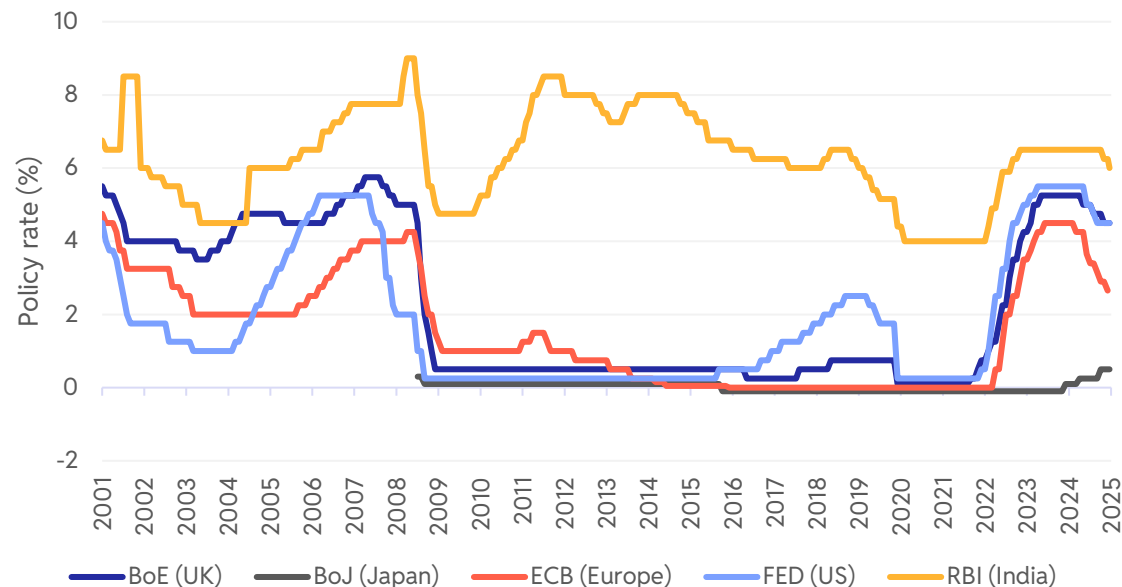
Source: MSIM, Ionic Wealth, Data available as on April, 2025

At this early stage, the first quarter earnings season for the S&P 500 is off to a weaker start than average compared to expectations. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are below recent averages. **For NASDAQ 100, 1yr fwd PE has de-rated by ~12% since the start of the year. During the same duration however, EPS forecasts have seen an upward revision of ~0.4%.**

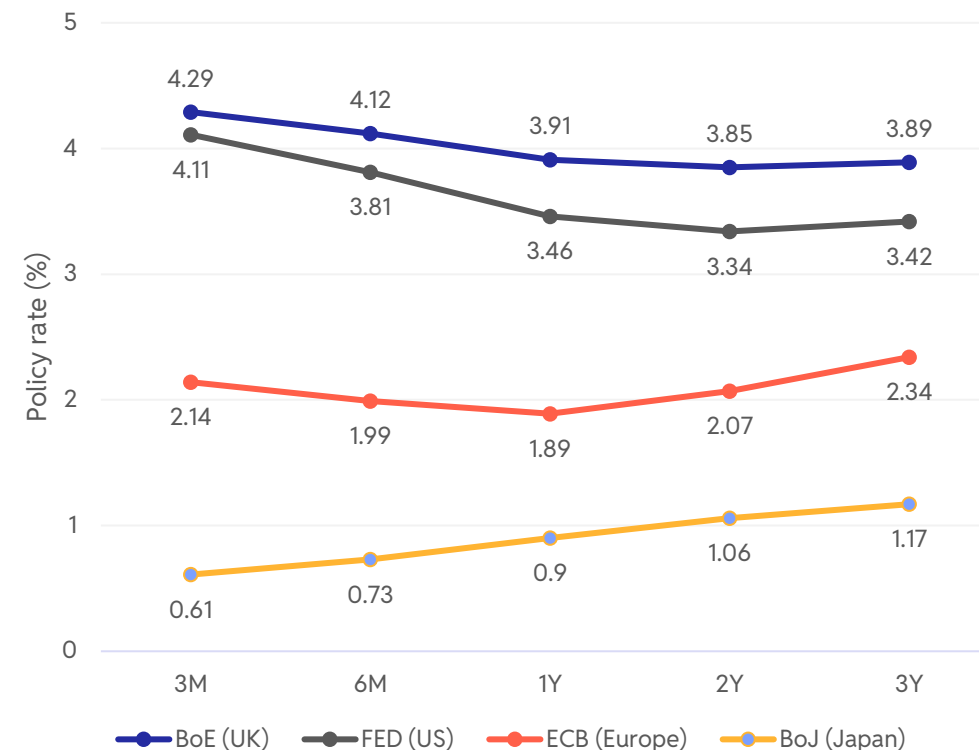
# Central Banks Ex Japan Are Dovish

Tariffs have cleared the way for most central banks globally to cut rates

Central Bank	Current	1-Mo. Ago	12-Mo. Ago
US Federal Reserve	4.5	4.5	5.5
BoE	4.5	4.5	5.25
BoJ	0.5	0.5	0.1
ECB	2.65	2.9	4.5



Future Rate Expectations are volatile. Tariffs are likely to hurt global growth and be disinflationary ex US



Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

Source: MSIM, Ionic Wealth, Data available as on April, 2025

Global central banks are adopting a cautious yet responsive approach to interest rates amid ongoing tariff-related uncertainties. The European Central Bank is expected to continue cutting rates, with a likely 25 basis point reduction aimed at supporting growth and countering the inflationary pressures from trade tensions. Meanwhile, the US Federal Reserve has paused further rate hikes, opting to closely monitor the economic impact of tariffs before making additional moves. **Fed will have to firefight inflation which is inevitable if tariffs kick in as proposed.**

# China's Resilience Despite World Turning Against Them Is Remarkable

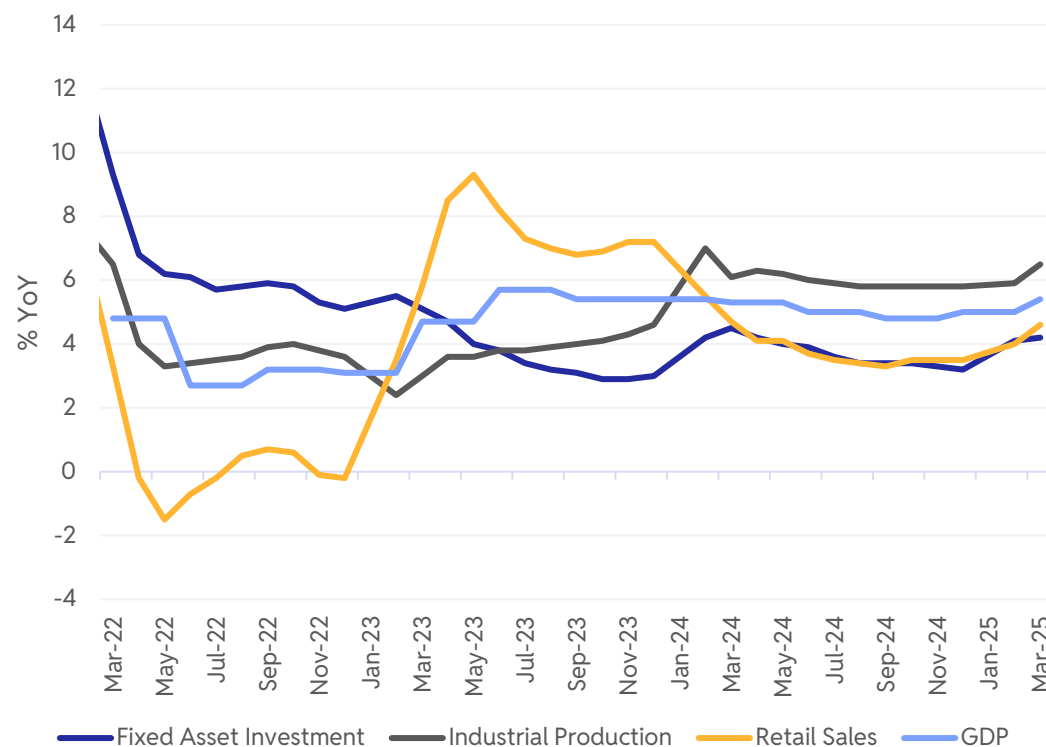
Global Valuation Tracker						
	Valuations- Jan 2024 (Fwd P/E)	Valuations- November 2024 (Fwd P/E)	Valuations- April 2025 (Fwd P/E)	Valuations- Average CY22	Valuations- Average CY23	Valuations- Average CY24
S&P 500	21.02	20.54	22.57	18.31	19.66	22.66
Nasdaq	30.12	29.57	29.9	27.6	31.51	39.27
China	9.95	9.89	13.06	13.03	12.13	12.34
Japan	20.87	20.05	20.51	20.09	19.44	21.16
Stoxx	13.78	13.29	13.73	12.91	12.95	14.15
Thailand	14.71	14.92	14.43	16.19	16.05	14.87
Vietnam	10.06	11.36	11.15	11.58	11.05	11.57
LATAM	8.97	8.99	8.44	7.66	8.78	9.34
India	19.92	20.61	20.49	20.70	20.12	21.44

Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

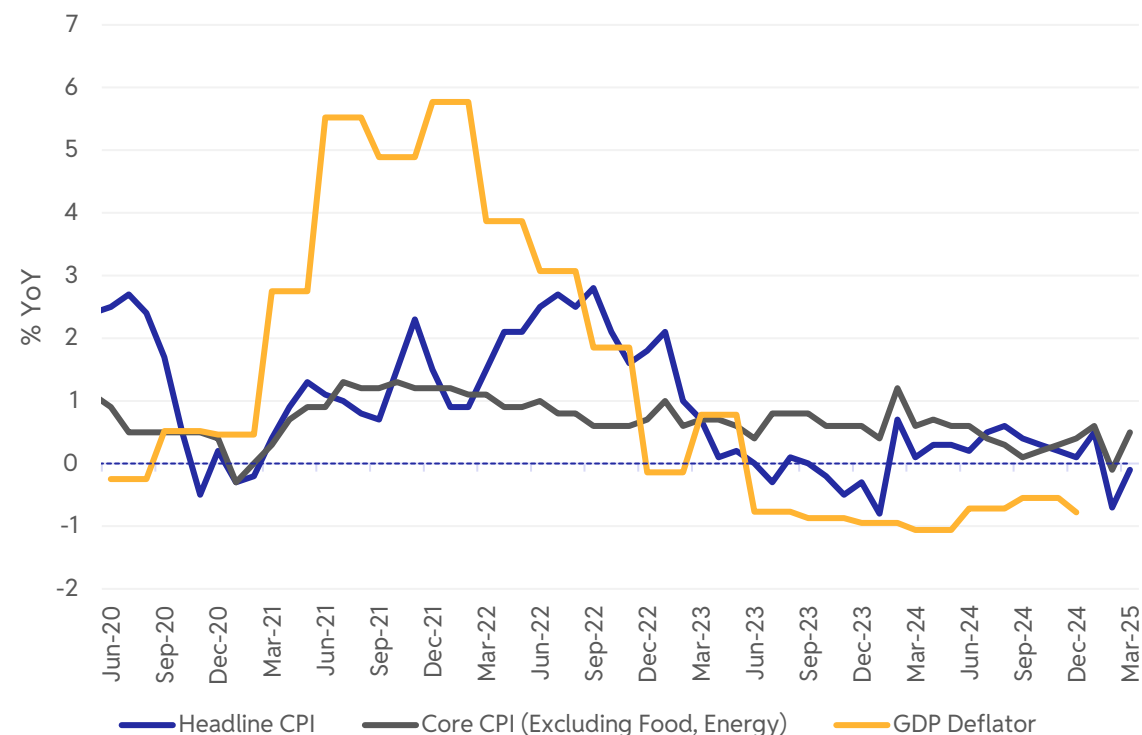
Chinese equities' subdued reaction to the trade war is in contrast to the sell-off in US assets, particularly the US dollar and Treasuries, which were previously perceived as haven assets. State-backed buying of nearly 160 billion yuan worth of ETFs and solid economic data have underpinned market sentiment. China's low market volatility could also be down due to the regulatory curbs on stocks' daily movements. China's equity markets have demonstrated unexpected resilience amid global volatility, maintaining attractively low valuations.

# Stimulus Is Shaping Up Well On Growth, More Is Needed

China's better-than-expected Q1 GDP growth at 5.4% YoY comes at a crucial time



However, tepid disinflationary pressure underscores urgency for targeted stimulus

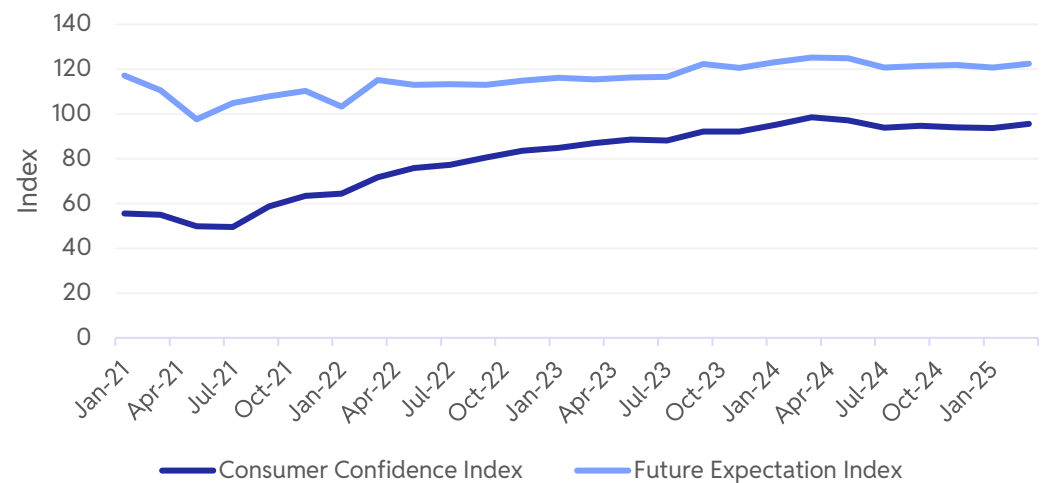
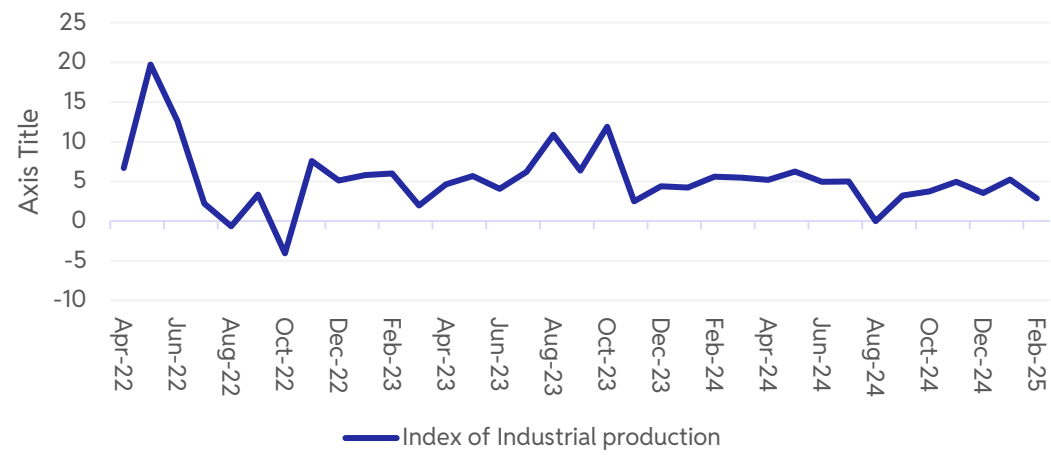
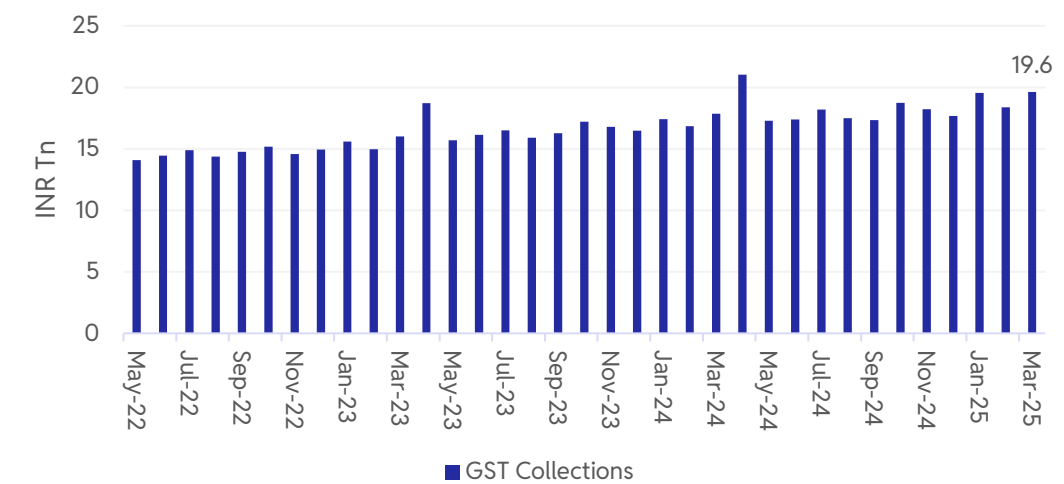
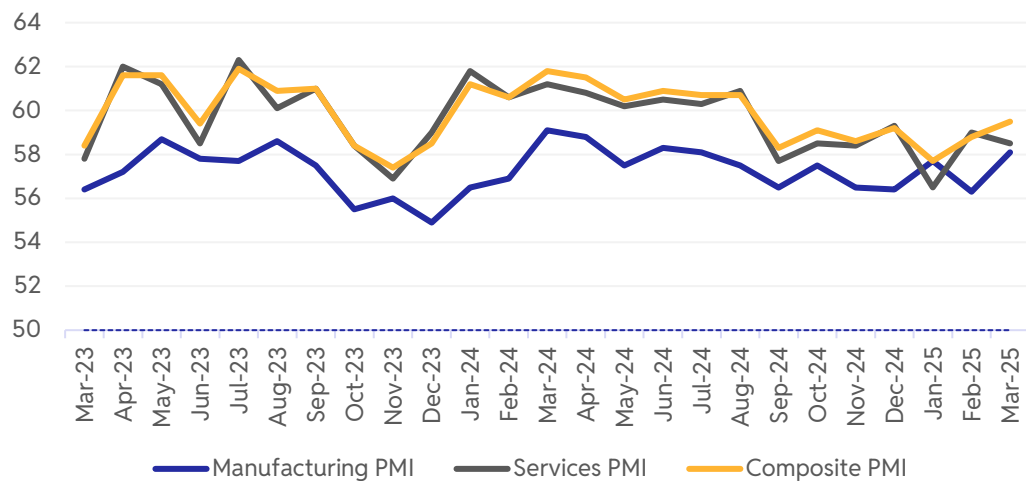


Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

China's consumer deflation extended for a second month in March, as an escalating trade war with the US threatens to put more downward pressure on prices. One way to tackle deflationary forces would be to increase domestic spending, which accounts for around 39% of China's growth, significantly less than the average for most major economies. But measures taken by Beijing so far have barely moved the needle. However, stronger-than-expected first-quarter economic growth data might have reduced the urgency for immediate easing via stimulus.

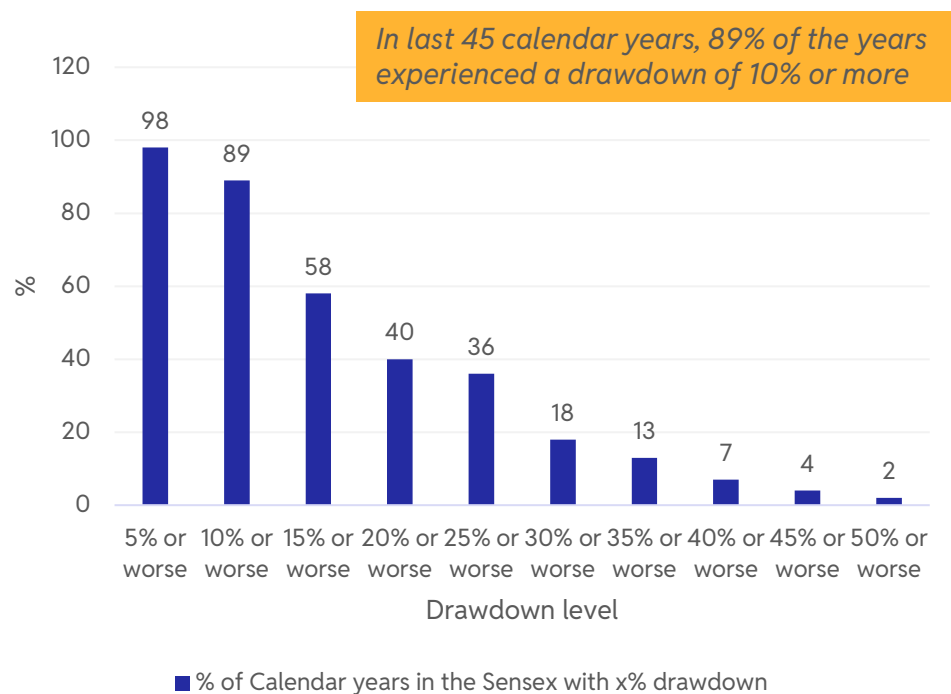
# India: Macros Are Improving



Source: CMIE, Ionic Wealth, Data available as on April, 2025

# Navigate Choppy Waters With Investing Discipline

Drawdowns in equity markets are more common than we think



Riding the downturn can still be fine in the long run. Even if you invested right before a market crash, over long time frames returns have turned out to be decent

S.No.	Major Falls > 20% since 2000	Decline	Nifty 50 TRI	Debt	Inflation
			Annualized returns from peak till Mar - 25		
1	2000 Dotcom Bubble	-50.20%	12% (18.8 times)	8%	5%
2	2004 Indian Election Uncertainty	-29.80%	14% (15.5 times)	7%	6%
3	2006 Global Rate Hike Selloff	-29.70%	12% (7.9 times)	8%	6%
4	2008 Global Financial Crisis	-59.50%	9% (4.6 times)	7%	6%
5	2010 European Debt Crisis	-27.20%	11% (4.4 times)	8%	6%
6	2015 Global Market Selloff (Yuan Devaluation)	-21.70%	11% (3.0 times)	7%	4%
7	2020 Covid Crash	-38.30%	14% (2.0 times)	7%	4%

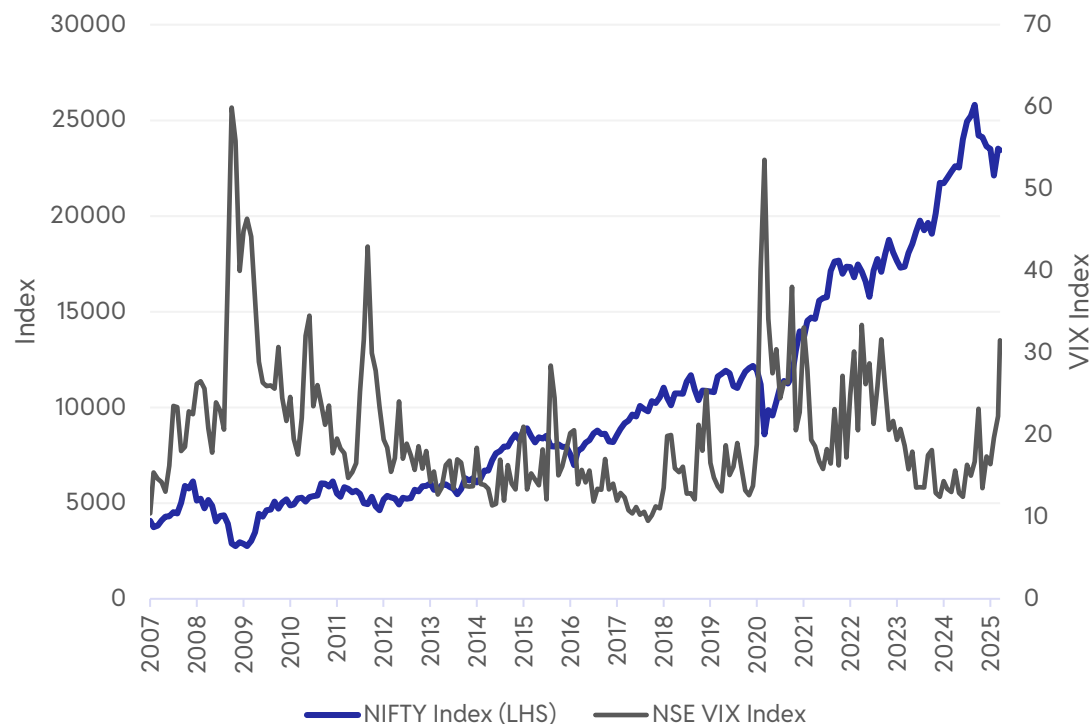
Source: FundsIndia Research, Ionic Wealth, Data available as on April, 2025

Source: FundsIndia Research, Ionic Wealth, Data available as on April, 2025

Sharp corrections of 30–60% aren't rare—they've played out every 7–10 years. But if history is any guide, these drops haven't derailed the long-term trajectory of Indian equities. Despite global shocks and domestic slowdowns, markets have bounced back—driven by steady earnings growth and a resilient economy. Every past crisis has looked different, but the outcome has been the same: recovery, followed by fresh highs. Volatility has been the cost of compounding, and staying the course has paid off more often than not.

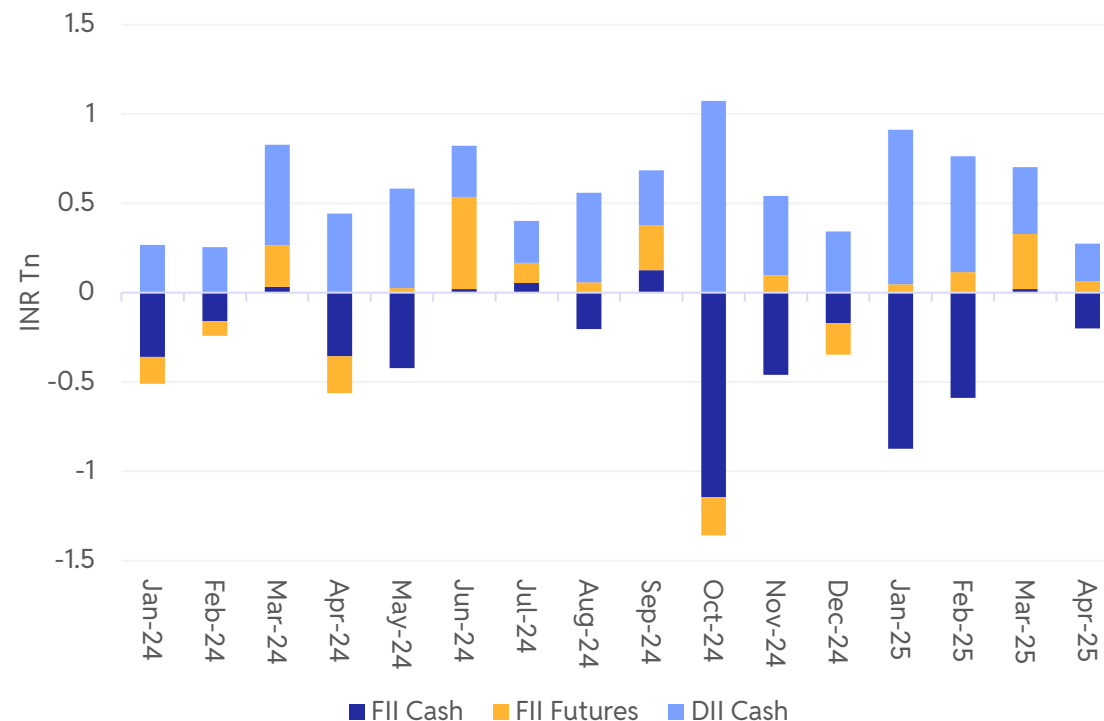
# Markets Are Showing Mixed Signals, Hence Stagger

With the VIX elevated, signs of uncertainty are not fully behind...



Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

... but FIIs have started to tiptoe back, which is positive for the overall sentiment



Source: moneycontrol, Ionic Wealth, Data available as on April, 2025

FII and DII flows are expected to stay volatile, influenced by global cues and shifting investor sentiment. FIIs, in particular, react quickly to factors like the dollar index and geopolitical developments. The recent 90-day U.S. tariff delay sparked a global market rally, temporarily easing volatility and drawing some FII inflows back into emerging markets. Despite inflows of USD 3.8 Bn in March, FIIs withdrew USD 4.4 Bn in April 2025, remaining net sellers YTD.

# Earnings Revival Is Must For Sustained Recovery

Earnings	Sector	Revenue growth (% YoY)		EBITDA growth (% YoY)		PAT growth (% YoY)	
		Q3FY25	Q4FY25E	Q3FY25	Q4FY25E	Q3FY25	Q4FY25E
		<b>Commodity sectors</b>	<b>1</b>	<b>(3)</b>	<b>1</b>	<b>(1)</b>	<b>(8)</b>
OMCs	(2)	(5)	(14)	(30)	(19)	(52)	
Energy (ex OMC)	4	(4)	5	(2)	0	(12)	
Metals & Mining	4	0	4	13	(14)	22	
<b>Exports/High global exposure</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>8</b>	<b>8</b>	<b>(8)</b>	
IT	6	8	7	7	8	8	
Pharmaceuticals	10	11	6	19	8	15	
Export auto	3	0	(14)	(6)	(20)	(53)	
Chemicals	11	9	6	28	(10)	65	
<b>Domestic Investment</b>	<b>12</b>	<b>16</b>	<b>8</b>	<b>13</b>	<b>9</b>	<b>4</b>	
Industrials / Infra	13	13	12	13	17	18	
Power	5	19	12	13	4	8	
Cement	1	9	(27)	(3)	(26)	(28)	
Real Estate	22	23	21	26	51	(9)	
<b>Domestic consumption</b>	<b>14</b>	<b>13</b>	<b>13</b>	<b>15</b>	<b>7</b>	<b>9</b>	
Domestic Auto	11	11	12	11	11	9	
FMCG	13	13	4	2	(2)	(1)	
Durables	14	11	11	7	5	3	
Paints	(2)	2	(11)	5	(13)	5	
Apparel / retail	17	14	16	11	18	(29)	
Consumer services	15	18	14	28	(1)	22	
Media	0	(3)	2	1	12	13	
QSR	38	18	35	15	(97)	50	
<b>BFSI</b>	<b>8</b>	<b>4</b>	<b>26</b>	<b>2</b>	<b>7</b>	<b>2</b>	
<b>Nifty</b>	<b>6</b>	<b>4</b>	<b>11</b>	<b>5</b>	<b>3</b>	<b>2</b>	

Source: Nuvama, Ionic Wealth, Data available as on April, 2025

Valuations	Nifty 50	Nifty Midcap 150	Nifty Smallcap 250	NSE 500	
	<b>Valuations- Jan 2024 (Fwd P/E)</b>	19.9	31.1	24.4	22.9
	<b>Valuations- November 2024 (Fwd P/E)</b>	20.6	30.6	23.5	22.7
<b>Valuations- April 2025 (Fwd P/E)</b>	20.5	35.0	26.7	23.0	
<b>Valuations- 5Y Average</b>	18.8	26.5	19.6	20.1	
<b>% CHANGE since April 1</b>	2.5	3.5	3.9	3.0	

Source: Bloomberg, Ionic Wealth, Data available as on April, 2025

India's stock market remains one of the most expensive globally despite earnings concerns and slowing growth. Nifty trades at 20.5X FY26 earnings amid global uncertainty and muted corporate outlook. Liquidity-driven rally in equity markets raises valuation risks as GDP projections dip for FY26. Private capex is yet to pick up, urban consumption remains soft, and growth in IT services could be weak amid policy uncertainties in the US.



In a nutshell,

This remains a time to trust active managers. Within any economy, domestic plays have been more resilient than export plays. It has been a volatile period and uncertainty may continue, the beauty will be picking in quality stocks at reasonable prices.

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

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