

IONIC WEALTH
BY ANGEL ONE

The Investing Pantheon

May 2026



“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.



Global Markets Sustain Strength Albeit With Some Volatility as War Situation Continues

Global equity markets appear increasingly comfortable with the ongoing war situation despite limited signs of de-escalation so far. In contrast, global bond markets remain more jittery, with yields rising meaningfully above pre-war levels as fiscal concerns outweigh the traditional safe-haven appeal of sovereign bonds. US markets continue to witness broadening in participation, while EMs such as South Korea and Taiwan have sustained their sharp recovery. In global asset allocation we recommend exposure to equities (~70%), commodities (~20%), and REITs (~10%).

1. Global ETF Flows Show Continued Confidence In Themes Like Infra And AI, While Defense Witnessed Outflows: While themes including infra and AI have received highest inflows in May 2026 so far, defense sector which has led the inflows in the last 12 months, noted outflow during May 2026— potentially indicating concerns over sustainability of higher government spending amid fiscal risks.

2: Global Inflation Risks Outweigh Growth Concerns As Of Now, Central Banks Could Look At Potential Rate Hikes: As the world continues to witness elevated oil prices, the global economy is increasingly moving towards higher inflation scenario accompanied with some downward pressure in growth. Higher impact of oil prices on inflation would keep the policy makers vigilant of the evolving situation and could consider tighter monetary policy if inflationary pressures persist. Therefore, *global yields might be moving towards higher for longer scenario.*

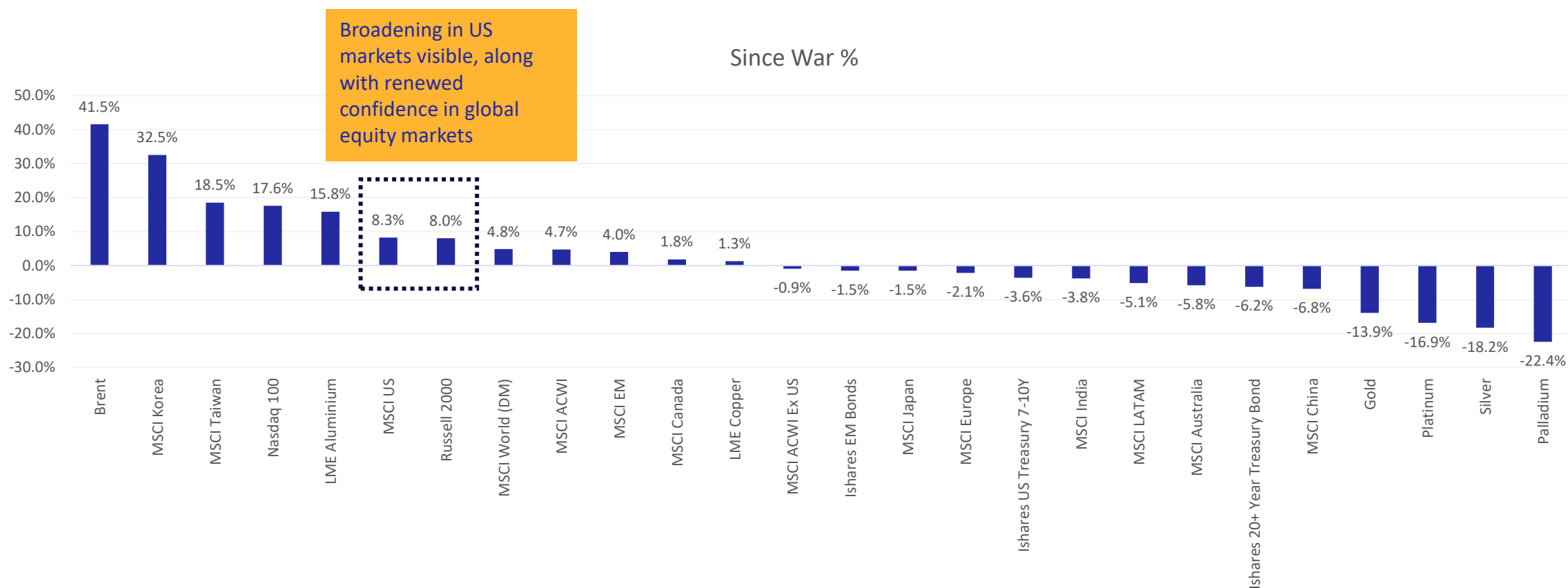
3. US Real Estate Market & Higher Interest Rates: Rising rates expose a growing divide, housing faces an affordability squeeze, while data centres and digital infrastructure remain supported by structural AI-driven demand.

4. Industrial Metals Could Be In For Sustained Rally If Inflation Persists: Higher inflation expectations as priced in by the bond markets is also being reflected in industrial metals trend. If global inflation continues to move up along with some correction in DXY, industrial metals can continue to perform.

5. Space Emerging As A Strong Investment Theme: Space is evolving from a government-funded strategic domain into an increasingly commercial economic ecosystem. The opportunity spans leveraging space infrastructure for connectivity, intelligence, navigation, and defense applications on Earth, while also enabling emerging industries such as orbital data centres, in-space manufacturing, and zero-gravity production. As launch costs decline and private sector participation accelerates, space could evolve into a major long-term investment and industrial theme.

US Market Broadening Continues, EMs Like Korea & Taiwan Recover Sharply

While Brent oil prices continue to remain a key concern for global markets, renewed risk-on sentiment is emerging, with EMs such as South Korea and Taiwan witnessing a sharp recovery alongside a broader participation trend in US equities.

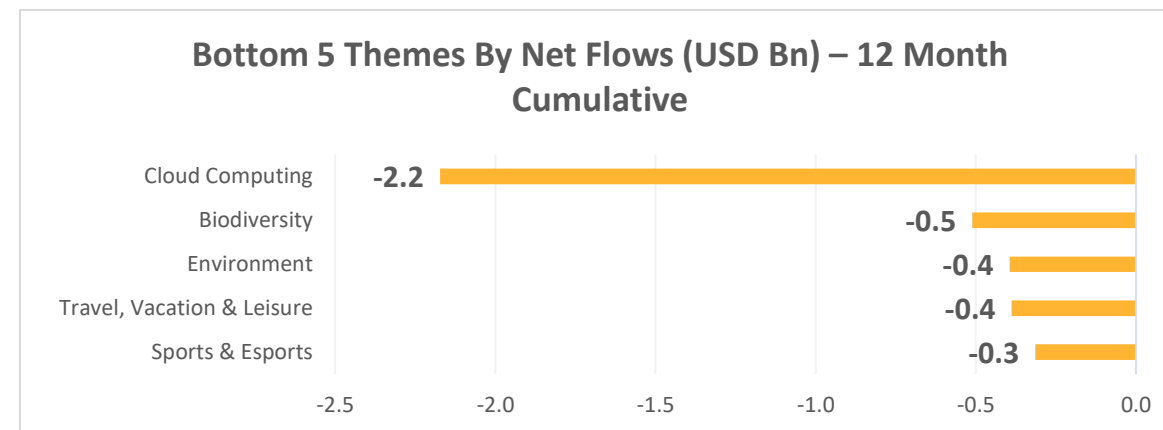
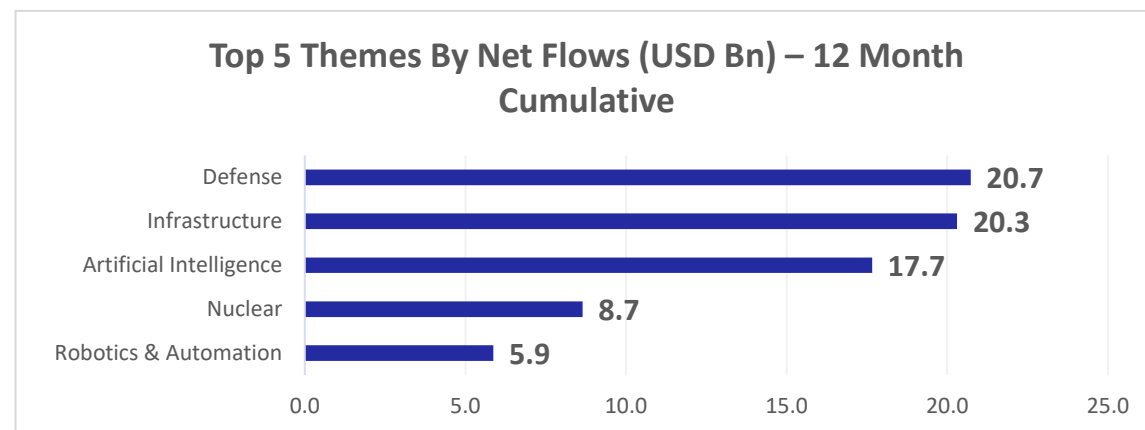


Source: Bloomberg, Ionic Wealth, Data available as on May 21, 2026

Market sentiment has largely remained risk-on, albeit with intermittent bouts of heightened volatility, as ongoing war-related concerns continue to keep investors jittery amid absence of any meaningful signs of de-escalation so far. In the US, market broadening is visible, with small caps, particularly the Russell 2000, gaining relative strength versus broader indices. Additionally, EMs, especially South Korea and Taiwan, continue to witness strong growth momentum.

Global ETF Flows- Defense Sector Begin To Witness Outflows, Infra & AI Remain Key Investment Themes

A USD 1.17 Bn monthly outflow in defense signals near-term caution on government spending, while secular themes maintain leadership



- **Infrastructure & AI remained** the strongest and most consistent inflow themes over the last twelve months and have continued momentum in May 2026 so far.
- **Clean Energy has been recording strong investor interest** with USD 0.8 Bn inflows in May 2026 so far, USD 1.6 Bn inflows in the last 3 months and USD 2.6 Bn inflows on a 6-month basis.
- **Despite leading inflows in the last 12 months**, Defense recorded the largest outflow of USD 1.17 Bn, suggesting near-term profit-taking following sustained inflows, along with concerns over sustainability of global government defense spending as fiscal worries mount.
- **Environment and Biodiversity** remained among the weakest themes, reflecting persistent softness in sustainability-related allocations.
- **Healthcare outflows** persisted across periods, indicating continued investor caution towards the sector.

MAY 2026 Net Flows: 5.4 (USD Bn)			
Top 5 Flows By Themes		Bottom 5 Flows By Themes	
Infrastructure	1.77	Defense	-1.17
Artificial Intelligence	0.92	Agriculture	-0.17
EM Tech	0.90	Healthcare	-0.11
Clean Energy	0.78	Travel, Vacation & Leisure	-0.03
Electric Car & Battery	0.45	Environment	-0.03

Inflation Risks Appear To Outweigh Growth Concerns As Of Now

Global Growth & Inflation Scenario Analysis						
Crude Oil Prices	2025 Levels	Pre- war Levels IMF-Jan 2026	USD 85/bbl	USD 95/bbl	USD 105/bbl	USD 115/bbl
Global Growth	3.4%	3.3%	2.9%	2.7%	2.5%	2.3%
Headline Inflation	4.1%	3.8%	4.8%	5.4%	6.0%	6.6%

Key Risks If Global Oil Prices Remain Elevated

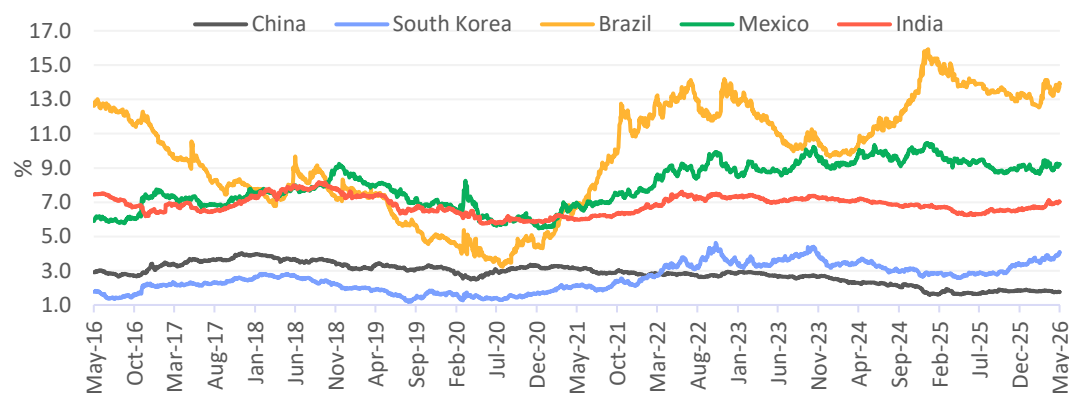
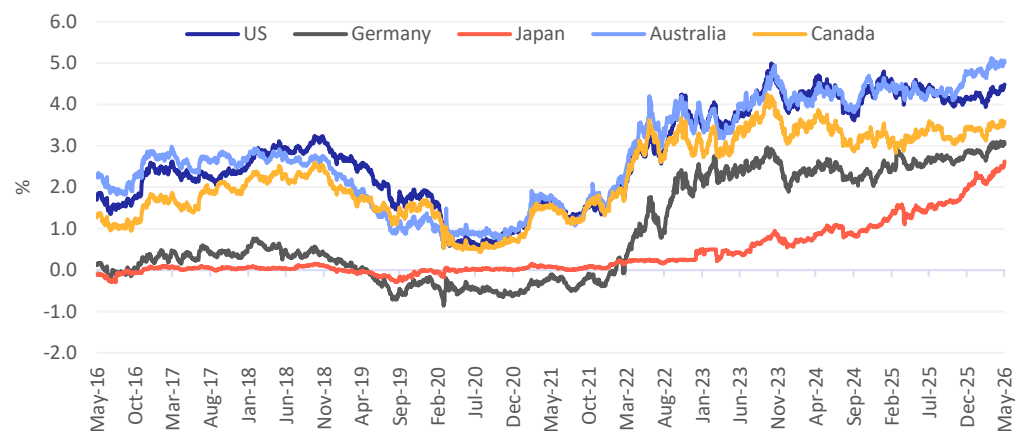
1. Sustained elevated oil prices could intensify stagflationary risks by simultaneously pushing inflation higher and weakening growth. In a USD 105/bbl oil scenario, headline inflation could rise towards ~6.0% while global growth may slow towards ~2.5%, compared with pre-war levels of ~3.8% inflation and ~3.3% growth, suggesting inflationary pressures could outweigh growth concerns. A further rise toward USD 115/bbl could moderate growth closer to ~2.3%.
2. Higher energy costs are likely to weigh on consumer spending, corporate margins, and industrial activity, while also increasing the risk of inflation expectations becoming de-anchored. In such a scenario, select central banks may be forced to reconsider their policy stance.
3. Prior to the Iran conflict, markets were anticipating two 25bps rate cuts from the US Fed in 2026. Those expectations have since been progressively scaled back, first to one cut, and now to no cuts - as elevated oil prices and firmer inflation has prompted central bank to shift from an easing bias towards a more cautious wait-and-watch approach, with the possibility of rate hikes re-entering consideration towards the fag end of the year.

FED LEADERSHIP — WARSH ERA

Kevin Warsh was confirmed as Federal Reserve Chair on May 13, 2026, replacing Jerome Powell. While Mr. Warsh was originally associated with a pro-cut stance, the environment he inherits has fundamentally changed. CME Fed Watch data shows markets now price near-zero probability of any cut in 2026, with rate *hike* odds rising to ~39% in December 2026 policy. Warsh takes over a divided FOMC where several members have explicitly kept hike options open, and an oil-driven inflation resurgence would be the clearest trigger for that shift.

Global Yields Rise Through Geopolitical Shock

Global yields have surged in the wake of the recent geopolitical shock, completely defying bonds' traditional safe-haven compression. With nearly every major economy except China trading well above pre-war yield levels, it is evident that mounting inflation concerns and fiscal supply risks are overwhelmingly outweighing the conventional flight-to-quality dynamics.



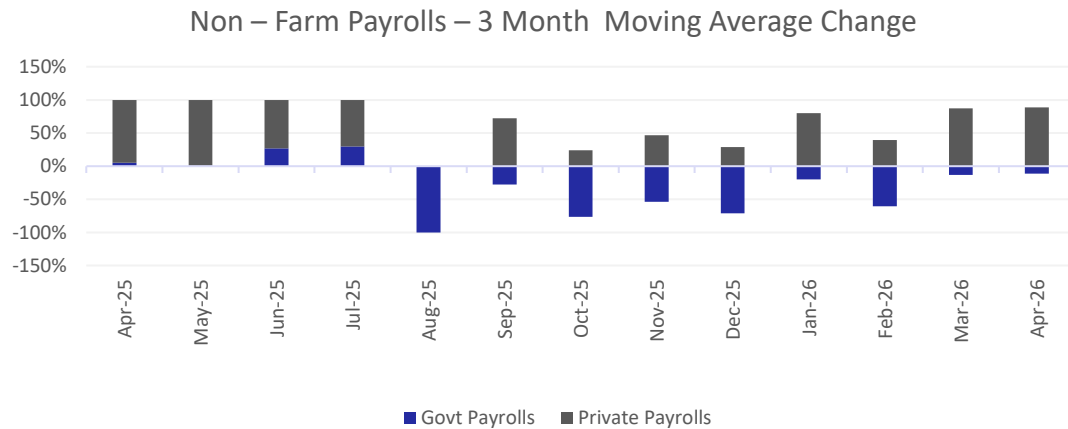
	Yield (%)			Spread over US (bps)	
	Today	Pre War	1Y Ago	Today	10Y Avg
DMs					
US 10Y	4.57	3.94	4.60		
Germany 10Y	3.10	2.64	2.64	-147	-182
Japan 10Y	2.76	2.11	1.52	-181	-237
Australia 10Y	4.97	4.65	4.45	40	4
Canada 10Y	3.55	3.13	3.40	-91	-53
EMs					
China 10Y	1.75	1.81	1.68	-282	6
South Korea 10Y	4.18	3.45	2.76	-39	-22
Brazil 10Y	14.31	13.55	14.20	974	696
Mexico 10Y	9.36	8.66	9.44	479	521
India 10Y	7.11	6.66	6.25	254	406

Australia, only key DM above US 10Y

Brazil, interest rate gap with US has widened

US Labor Market –No Apparent Stress As Of Now, Though Future Momentum Could Face Headwinds If Interest Rates Remain Higher For Longer

While overall conditions remain resilient, hiring activity and labor demand show fewer signs of acceleration, suggesting closer monitoring



Source: Bloomberg, Bureau of Economic Analysis, FRED, Ionic Wealth, Data available as on May 21, 2026

Government payroll cuts have added drag on labor market conditions

- Government payrolls have softened since May 2025, a net 260,000 federal workers removed through DOGE-led cuts, hiring freezes, and agency downsizing. The US federal deficit hasn't improved because federal wages are less than 10% of total spending.
- Those 260,000 workers are now competing for jobs in an already soft private sector, and the government's traditional role as a shock absorber during slowdowns has effectively been switched off.

Labor market mobility remains subdued as hiring rates stay below trend

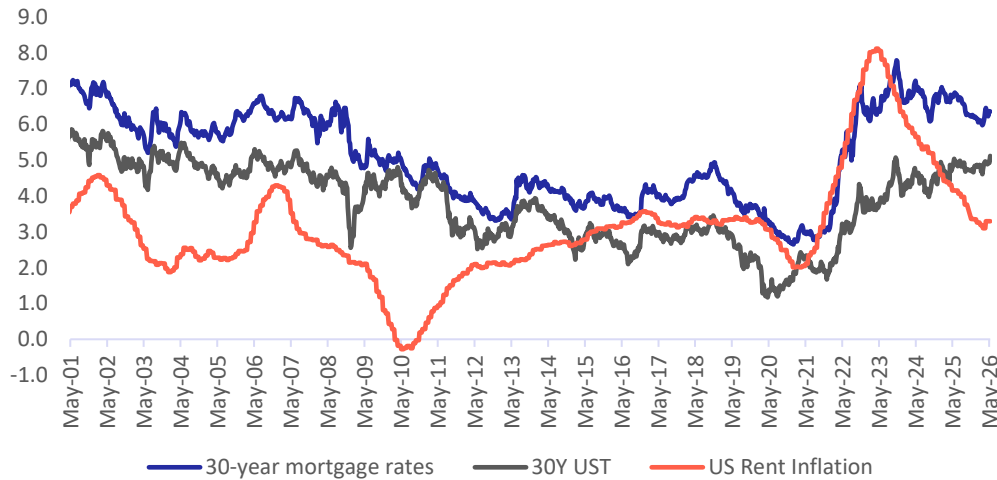
- The hires rate at 3.5% remains modestly below its pre-COVID average of 3.9%, and has been range-bound for two years; voluntary quits at 2.0% against a pre-COVID norm of 2.3% suggest workers have become more cautious about leaving.
- This points to a labor market where mobility has slowed, employers are more selective and workers less willing to take risks, creating a self-reinforcing cycle that could persist if demand does not meaningfully pick up.

Spending continues to grow, but real earnings have started to ease

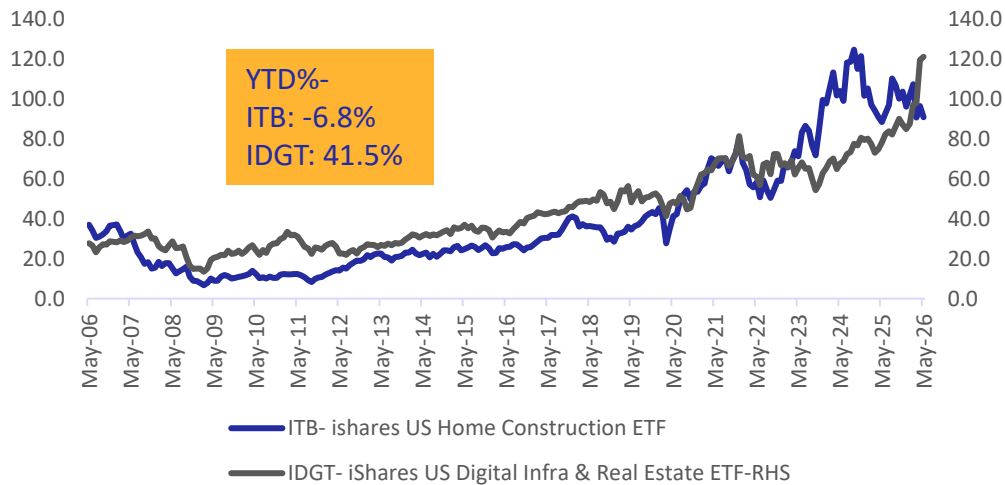
- The unemployed-to-openings ratio moved from 0.8 pre-COVID to 1.1 today, eroding wage bargaining power and affecting mobility (quit rate at 2.0% vs 2.3% pre-COVID).
- Consumer spending as measured by retail sales remains positive (+0.5% MoM in April) even as real hourly earnings (-0.5% MoM in April) have edged lower, suggesting household spending is holding up for now, though the gap between slowing earnings and steady spending may narrow if labor market conditions soften.

US Real Estate- Housing May Remain Weak, While Data Centres And Digital Infrastructure Remain Resilient AI-driven Bright Spots

Housing faces a yield-driven affordability trap. Data centres remain insulated — backed by structural, not cyclical, demand



Despite Fed's cumulative rate cut of 175 bps, 30Y mortgage and 30Y yield have moved up by 20 bps and 110 bps respectively

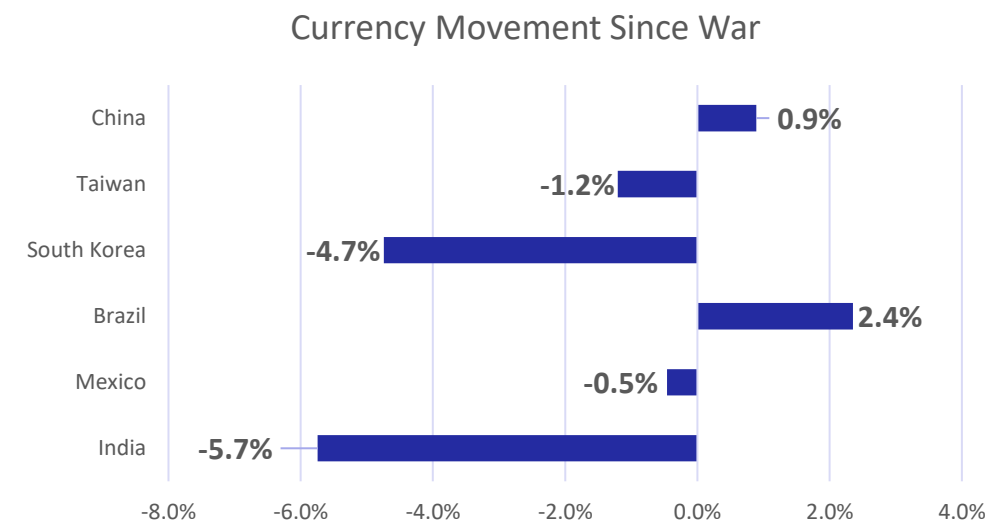


- US housing might again enter a vulnerable cycle, where affordability becomes an issue as treasury yields remain higher for longer.
- While higher yields would weigh on broader real estate segment, strong demand for data centres can support commercial real estate to some extent.
- A single standard data centre occupies land equivalent to 83 average American homes. AI-scale facilities can consume enough land for a neighbourhood of 467 homes — and the largest hyperscale campuses, over 600.
- Homebuilders face higher land costs, higher labour costs, and higher utility costs — all driven partly by data centre demand.
- The AI-driven demand wave is secular, not cyclical — making it durable even in a high-rate environment

Forex Markets – External Vulnerability Is Driving Diverging Currency Outcomes

Countries with stronger reserves and lower oil import dependency may remain better positioned to manage currency pressures going forward

Country	Forex Reserves USD Bn	Forex Reserves Drain (USD Bn)	Forex Reserves Drain	Import Cover (Months)	Oil Inventories (In Days)	% of oil import that passes through the strait	CAD % of GDP (2026 E)	Vulnerability Check
China	3821.7	-61	-1.6%	12.4	~ 110-180	~ 40%	3.5%	Low
Taiwan	602.5	-3	-0.5%	11.3	~ 120-150	~ 70%	18.1%	Moderate
S. Korea	427.9	0	0.1%	6.5	~ 200	~ 60%	5.6%	Moderate
Brazil	368.1	-3	-0.8%	13.5	net exporter	~ 0%	-2.7%	Low
Mexico	255.8	-2	-0.8%	3.6	net exporter	~ 0%	-0.4%	Low
India	697.0	-32	-4.3%	11	~ 60-75	~ 50%	-2%	High



- China remains relatively insulated from near-term FX stress** despite modest reserve depletion of 1.6%, supported by a sizeable current account surplus of 3.5% of GDP, large reserve buffers of USD 3.8 trillion, and strong export earnings. While around 40% of oil imports transit the Strait of Hormuz, roughly 110-180 days of oil inventories help limit immediate vulnerability to its currency, though prolonged disruption could gradually increase external financing pressures
- Taiwan has seen contained currency depreciation** despite near-total oil import dependence, supported by a large current account surplus of around 18% of GDP and strong semiconductor exports. Around 120 days of oil inventories provide a near-term buffer despite high Hormuz exposure of roughly 70%, although vulnerability would rise under a prolonged supply disruption.
- South Korea remains moderately vulnerable despite** stable reserves and a positive current account balance of 5.6% of GDP. Relatively thin import cover of 6.5 months, high energy dependence, and softer trade dynamics have weighed on its currency, although roughly 200 days of oil inventories provide meaningful short-term insulation against supply disruptions.
- Brazil remains among the least vulnerable economies due** to its position as a net energy exporter. Limited oil import dependence and no Strait exposure support external balances and help cushion the BRL despite a current account deficit of 2.7% of GDP.
- Mexico remains relatively stable,** supported by domestic oil production, resilient U.S. trade linkages, and negligible Strait exposure. While reserve cover of 3.6 months is lower than peers, limited dependence on imported energy helps contain FX vulnerability.
- India appears among the more exposed economies,** reflecting reserve depletion of USD 32 billion or 4.3%, a current account deficit of 2.0% of GDP, and high oil import dependence of around 90%. With only around 60-75 days of oil inventories and roughly 50% Hormuz exposure, prolonged disruptions could raise import costs, widen external imbalances, and intensify INR depreciation pressures despite still-comfortable reserve cover of 11 months.

Inflationary Pressures → Tailwind For Industrial Metals

Inflation expectations are rising in the US, as indicated by TIP to IEF ratio— creating tailwind for industrial metals like copper, aluminium and zinc. However, at current levels, closer to 2008 peak, the ratio is entering territory that has historically preceded a sharp reversal — warranting close monitoring.



Source: Bloomberg, Ionic Wealth, Data available as on May 21, 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)

Inflation expectations, as priced by the bond market, are rising again — and industrial metals are confirming that signal in lockstep. If the global inflationary environment persists, driven by structurally elevated oil prices alongside a correction in the DXY, industrial metals could witness sustained upward price momentum.

Are Precious Metals Poised to Stay Ahead — Or Will Equities Mean-Revert?

Equities to precious metals ratio has been on a downward trend, implying regaining strength in precious metals over US equities.

Equities massively outperformed precious metals in the late 1990s

Both the equities/silver and equities/gold ratios surged to all-time highs near 2000, reflecting the dot-com bubble when stocks were overwhelmingly preferred over hard assets.

Metals dramatically outperformed equities through the 2000s

From 2000 to ~2011, both ratios collapsed sharply, driven by the dot-com bust, the 2008 financial crisis, and a global flight to gold and silver as safe-haven assets.

Equities recovered through the 2010s but never reclaimed bubble highs

Post-2011, both ratios gradually rebounded as equity markets rallied. However, they stayed well below dot-com era peaks, suggesting a more balanced structural relationship between stocks and metals.



Source: Bloomberg, Ionic Wealth, Data available as on May 21, 2026

The equities-to-precious metals ratio has been trending lower, suggesting a gradual improvement in the relative strength of precious metals versus U.S. equities. **While equities continue to benefit from structural growth themes and resilient earnings in select sectors, persistent inflationary pressures, elevated geopolitical uncertainty, and concerns around fiscal sustainability have supported renewed investor interest in hard assets.** The trend may indicate a more balanced market environment where precious metals are beginning to regain strategic relevance within portfolios.

Aerospace, Defense and Space Economy Outlook

Space is evolving from government-funded infrastructure into a commercial economy. The opportunity includes using space infrastructure for connectivity, intelligence, and defense on Earth, while also enabling new industries such as orbital data centres and zero-gravity manufacturing.

How Space Infrastructure can serve Earth

Broadband & satellite communications

LEO satellite networks are expanding internet access to underserved and remote regions. Companies like Starlink are improving speed, capacity, and cost efficiency, making global connectivity increasingly viable.

Earth observation & data

Satellite imagery is increasingly used across agriculture, insurance, climate monitoring, and defense. AI is turning raw satellite data into actionable insights, creating scalable, high-value applications.

Defense, ISR & missile warning

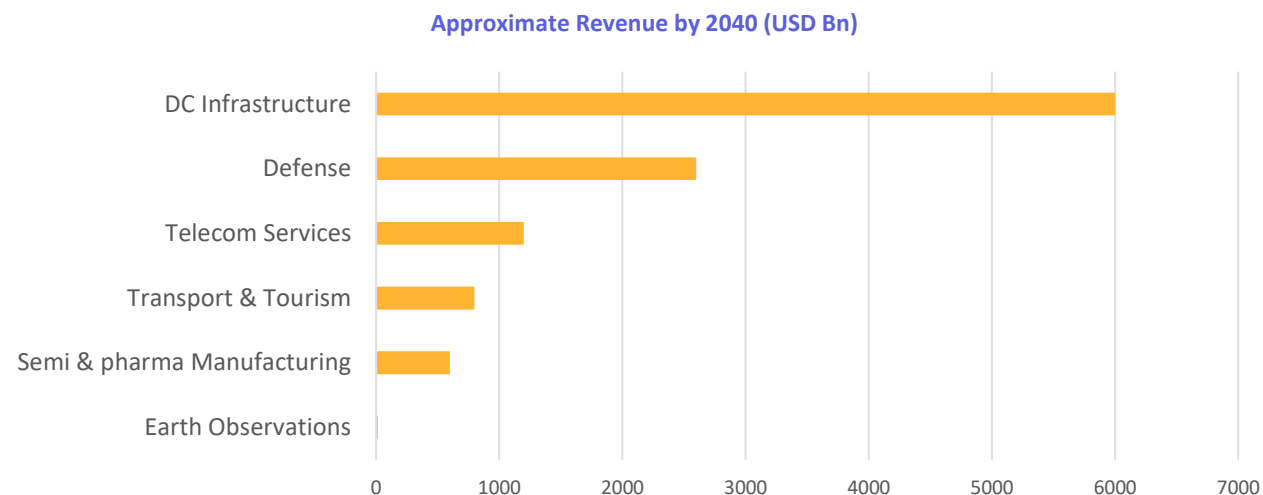
Governments are investing heavily in space-based intelligence, surveillance, communications, and missile defense. Geopolitical tensions are accelerating sovereign spending, making orbital capabilities strategically critical.

Navigation & positioning

GPS and satellite navigation systems support logistics, payments, autonomous vehicles, aviation, and precision agriculture. As economies digitize, reliance on space-based positioning continues to grow.

Orbital data centres & in-space manufacturing Emerging

Two new industries are emerging in space. Orbital data centres could process and store data in orbit, reducing Earth's energy and land constraints while improving connectivity. In-space manufacturing uses microgravity to produce high-value materials, including pharmaceuticals, semiconductors, and fiber optics, that are difficult to make on Earth.



Why now – The Inflection Point

Launch costs have fallen by ~200x

Launch costs have declined from USD 10,000/kg to ~USD 1,000/kg, with ~USD 50/kg targeted, making new space business models economically viable.

Geopolitics is accelerating demand

Rising geopolitical tensions have made orbital capabilities strategically important, driving increased sovereign investment in space

Defense spending is supporting adoption

Global military spending reached USD 2.7tn in 2024, increasing demand for space-based ISR, missile warning, and communications

Private capital is accelerating

Private space investment reached USD 12.4bn in 2025 (+48% YoY), with capital increasingly flowing to operational companies.

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