IONIC WEALTH

BY ANGEL ONE

The Investing Pantheon

September 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 Regained Some Strength, While Macro Uncertainties Keep Markets Cautious

Global equities regained strength in August, with EMs gaining momentum and delivering 3.2%, while DMs rose 2.5%. Q2 earnings across the US and key EMs such as Korea and Taiwan once again showed resilient growth. However, rising doubts over the sustainability of AI returns, potential Fed rate hikes and the overhang from ongoing geopolitical conflicts kept markets volatile. While global margin trading has started to inch up again, levels remain considerably below the recent peak. Global commodities, also delivered strong returns in August despite renewed concerns around higher rates, with gold rising 9.7%. We remain constructive on risk assets given the resilient earnings backdrop, while acknowledging scope for near-term volatility. We retain a diversified allocation: equities ~70%, commodities ~20%, REITs ~10%.

1. Investors Favoured Large Caps/Defensives, But Valuation Gains Could Trigger Reversal: Weak investor sentiment, driven by concerns over AI capex ROI and the possibility of a shift towards tighter Fed policy, boosted allocations to large caps (S&P 500: 2.6% vs. Russell 2000: 0.9% in Aug) and defensive sectors such as healthcare (+4.9%). Healthcare valuations have risen from 20.2x to 21.8x YTD, while semis have de-rated sharply from 35.7x to 26.2, creating a possibility of market reversal in fundamentally strong AI names. With uncertainty around the AI-driven rally and the Fed's rate trajectory, we expect investors to increasingly favour a more diversified approach over concentrated positions.

2. Global Earnings Remain Resilient, Supporting Equity Outlook

Global earnings could remain resilient, with the US and EMs such as Korea and Taiwan benefiting from strong corporate fundamentals and continued AI-related demand. Despite strong earnings growth, PE multiples have de-rated as investor confidence remains measured, particularly around the sustainability and ROI of elevated AI capex. Going forward, the risk of higher rates could keep discount rates elevated and temper further valuation expansion. However, resilient earnings growth should continue to provide fundamental support to equities, even as elevated rates may keep valuation expansion more measured.

3. US Elections Could Reshape the Fiscal Outlook

US elections could become an increasingly important driver of fiscal policy and market expectations, with the November midterms likely to shape the balance of power in Congress and the direction of future spending and tax policy. A divided government could constrain further fiscal expansion, while a change in congressional control could influence the trajectory of deficits, Treasury issuance and regulation. With fiscal deficits already elevated and monetary policy facing renewed tightening risks, election outcomes could have important implications for US Treasury yields, the USD and broader risk assets into year-end, potentially adding to market volatility.

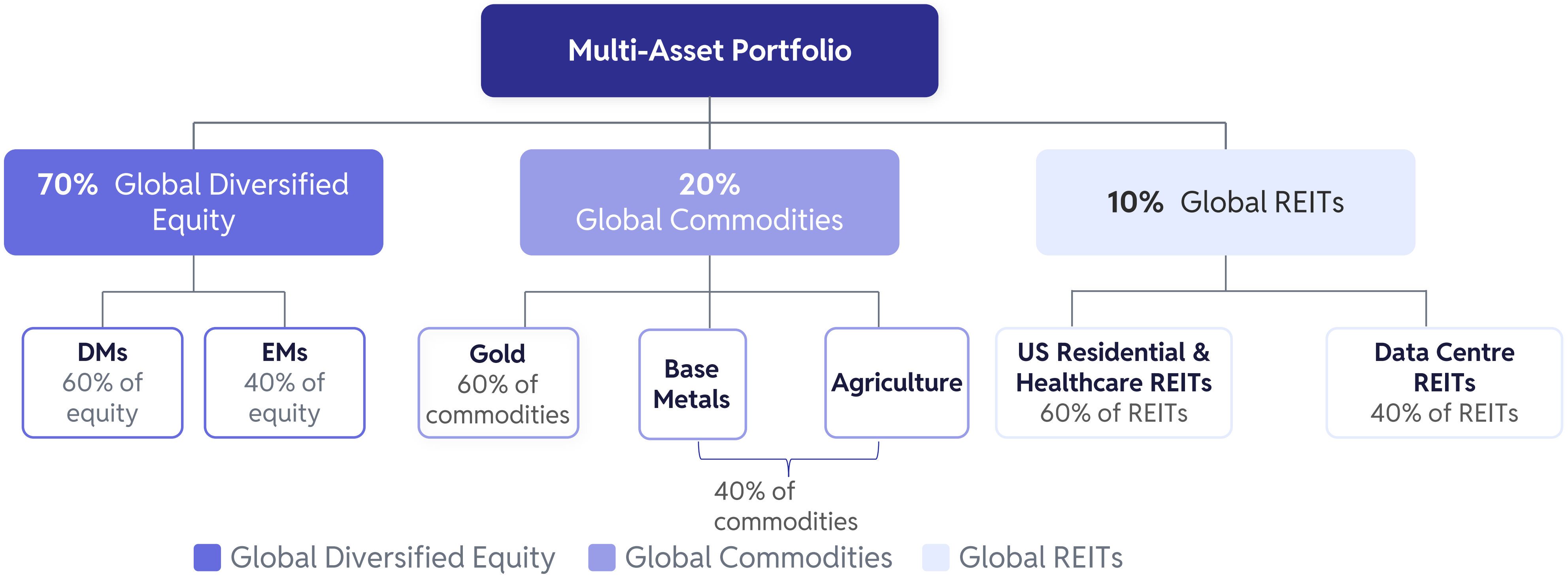
4. US Yields Could Remain Elevated as Rate Hike Expectations Increase

US Treasury yields could remain elevated as rate-hike expectations increase following Kevin Warsh's hawkish tone at Jackson Hole, with the shorter end of the curve more vulnerable as the Fed maintains a strong focus on bringing inflation towards its 2% target. Proposed Treasury buybacks may provide some support at the longer end, although this could be offset by increased reliance on short-term issuance, shifting more supply towards the front end. Going forward, persistent inflation and a relatively stable labor market could keep Fed tightening risks elevated, while the growing reliance on short-term issuance could add to fiscal pressure at the front end. Together, these dynamics could keep yields elevated across the curve.

5. Energy Storage Could Benefit From Accelerating Power Demand

Energy storage could see sustained growth as AI, data centers and electrification drive higher electricity demand, while rising renewable penetration increases the need for grid flexibility. Growing power demand, combined with grid constraints and the intermittent nature of renewables, could accelerate investment in storage capacity. Going forward, continued expansion of AI-driven power demand and renewable capacity should support further storage deployment, positioning the sector to benefit from the broader growth of the power ecosystem.

How To Position? Global Multi-Asset Strategy



- **Optimized Strategic Asset Allocation:** A disciplined **70/20/10 allocation across 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 (12%) 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.

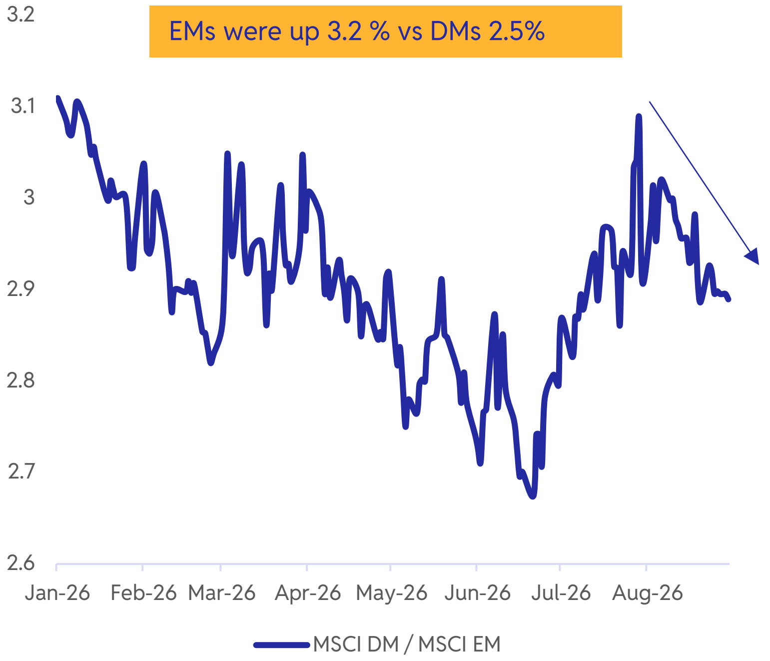
- **Agriculture: Cyclical Opportunity As Global Supply Stress Remains:** Agricultural commodities, especially wheat are positioned to see a cyclical upside due global supply pressures as weather related risks intensify.

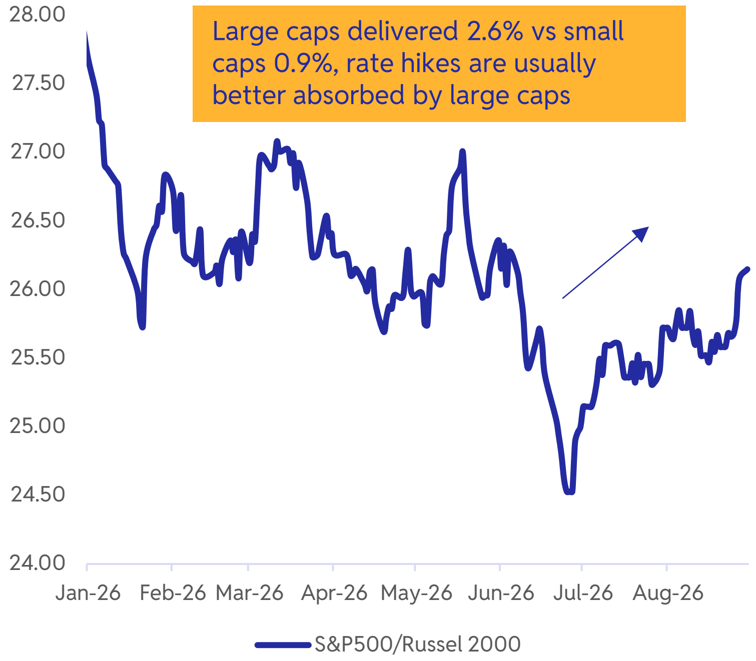
- **The Case for Zero Bond Exposure:** We remain **zero-weight duration**. The conditions that historically underpin sustained bond bull markets—accommodative monetary policy, fiscal discipline, and a stable sovereign. debt trajectory—are largely absent today, limiting the attractiveness of long-duration fixed income.

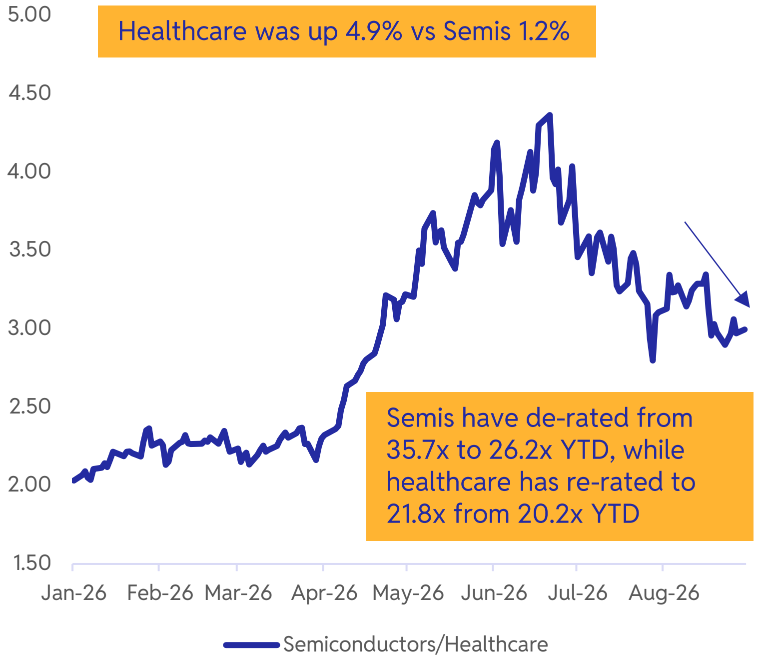
A Look In The Rear View Mirror…

EM Rotation Gained Momentum, While US Large Caps & Defensives Remained Dominant, Strong Q2 Earnings Means Improved Fundamentals Amidst Negative Sentiment

August marked a selective shift back towards risk, with EMs gaining traction. In the US large caps were favored over SMIDs, and defensives like healthcare continued to perform better







Emerging Markets regained strength in August against developed markets, with stronger performance seen in Asian markets amid healthy earnings and improved sentiment

August saw a reversal, with investors rotating back towards the relative stability of large caps after July's strong small cap performance

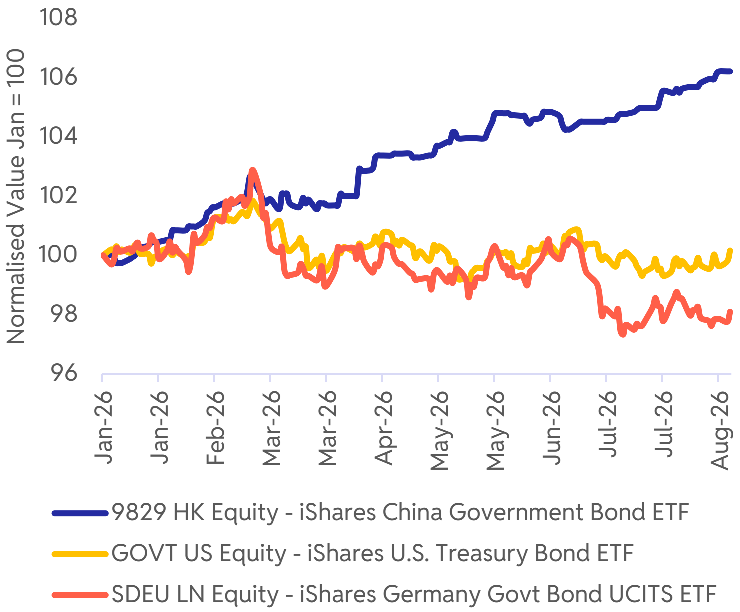
While semis regained some traction in August, investors continued to favour defensive sectors such as healthcare, as uncertainty around rate hikes and the sustainability of the AI capex cycle persisted

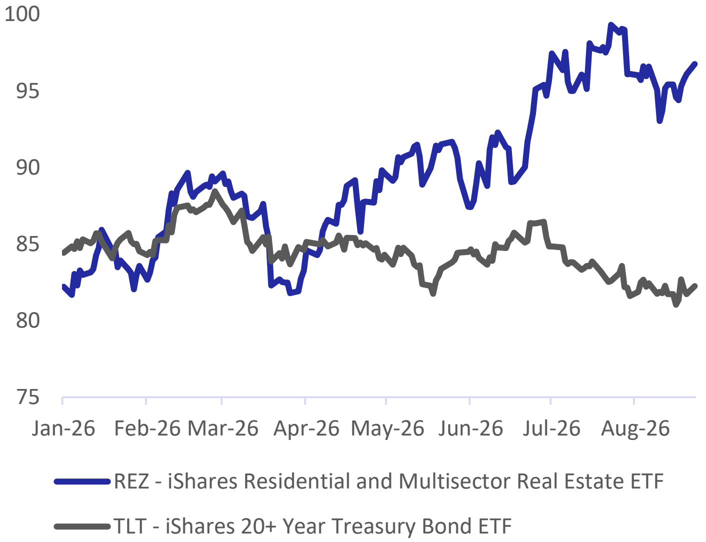
Source: Bloomberg, Ionic Wealth, Data available as on August 31, 2026

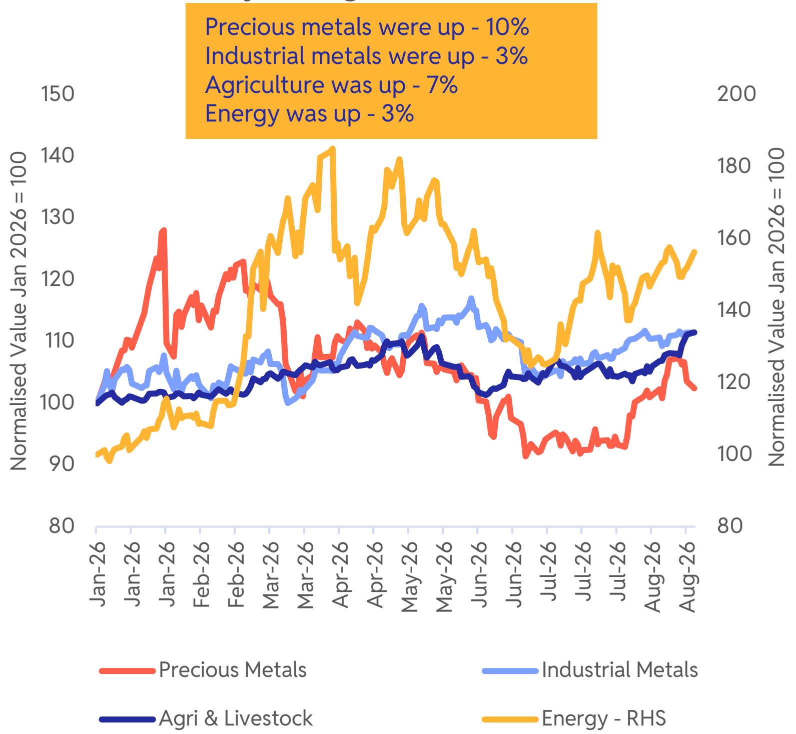
The market is balancing growth and caution, with investors adding exposure to EM for upside amid strong fundamentals while maintaining defensives and large-cap US equities for greater stability amid ongoing uncertainty.

Chinese Bonds Benefited From Monetary Easing, Precious Metals Led Commodity Gains, While Select REITs Outperformed Bonds Despite Higher Rates

August market activity reflected continued sensitivity to rates and inflation. Chinese bonds benefitted from domestic monetary easing, select US REITs outperformed bonds despite higher rates, while precious metals led larger commodity gains







Chinese government bonds continued to outperform US and European bonds amid weak domestic demand and persistent disinflation, which supported lower yields, while inflation concerns kept US and European yields elevated

Select REITs outperformed US Treasuries despite higher rates, as elevated mortgage costs reduced home affordability and supported rental demand, while higher yields weighed on bond prices

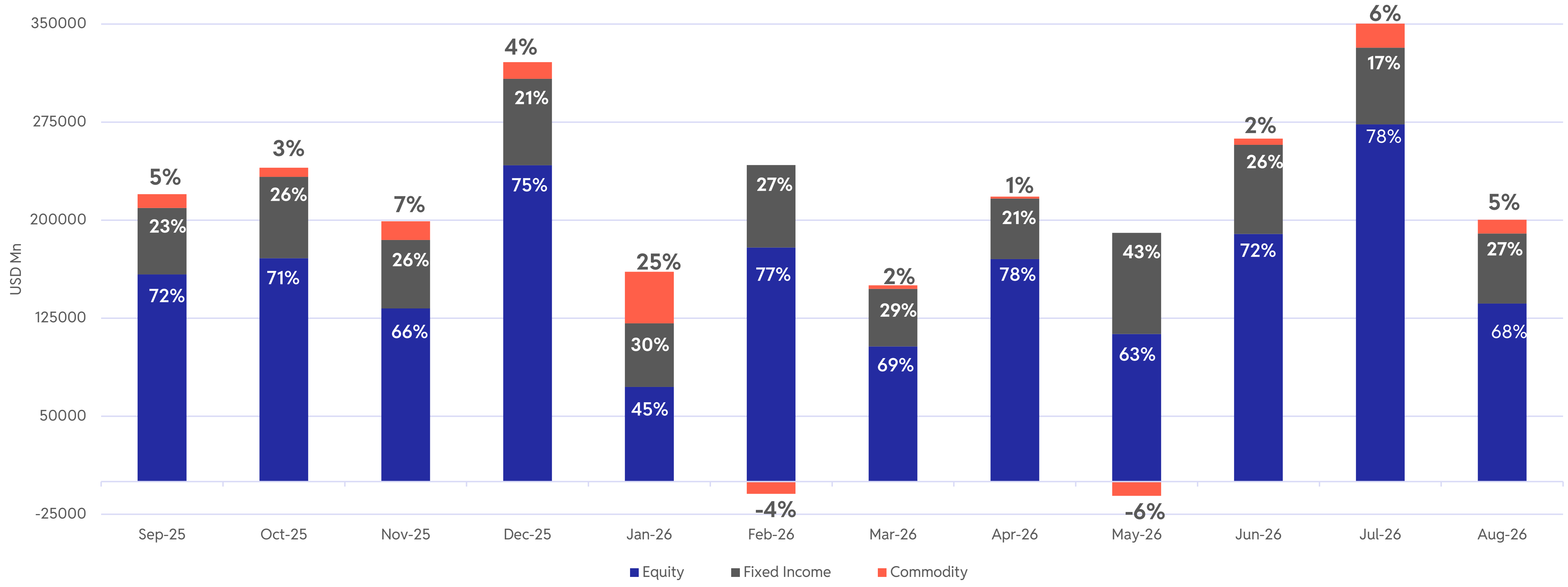
Commodity gains were led by precious metals supported by central bank buying, while energy prices remained volatile. Agriculture prices also remained in an upward trend as supply-side issues persist.

Source: Bloomberg, Ionic Wealth, Data available as on August 31, 2026

The market is balancing opportunity and caution, with investors trying to maneuver through rising rate hike expectations in the US that are weighing on fixed income and REITs to some extent, while persistent supply-side pressures keep prices elevated for commodities such as agriculture and energy.

After Healthy Buying Amidst July Volatility, Global ETF Flows Slows , Led By Equity

Uncertainty around US rate hikes and the sustainability of AI capex returns weighed on global ETF flows, with equities bearing the brunt.



- **Aug 2026 – ETF Fund Flows Weakened Across Asset Classes**

Global ETF flows declined in August, led by a sharp slowdown in equity inflows. Concerns around elevated AI-led capex and the sustainability of related returns weighed on equity allocations, while persistent inflation kept expectations for tighter monetary policy in focus. **The hawkish tone at Jackson Hole by Kevin Warsh could keep rate expectations and yields higher going forward, adding further pressure to rate-sensitive assets and potentially weighing on ETF flows.**

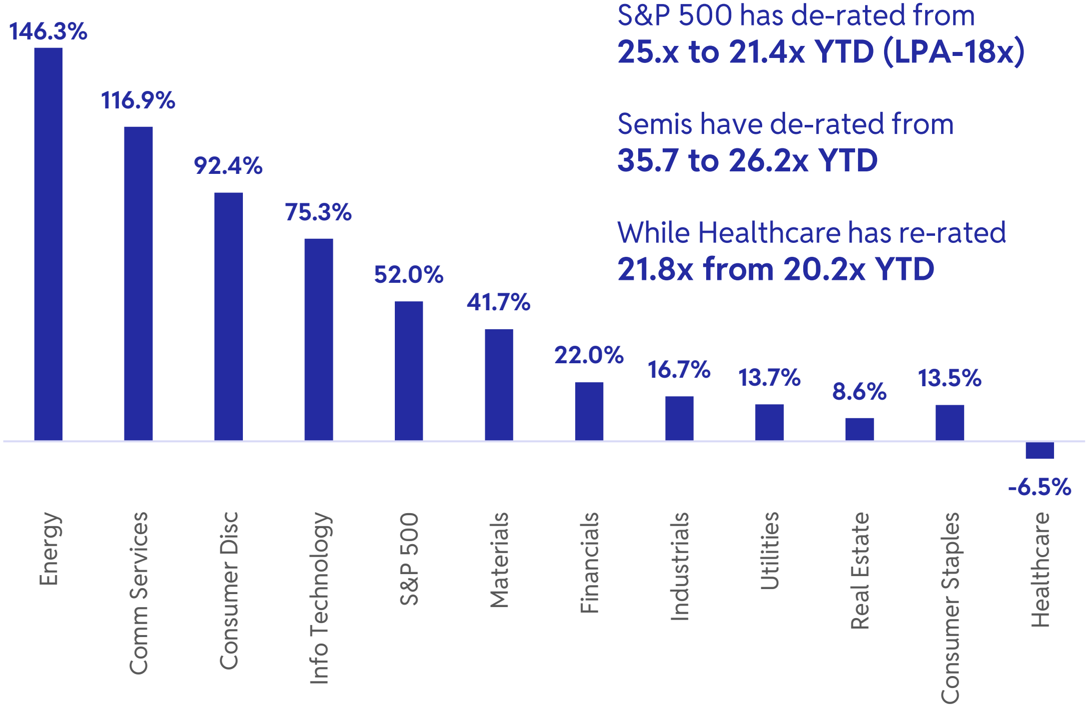
Source: Bloomberg, Ionic Wealth, Data available as on August 31, 2026

Corporate Fundamentals Remain Resilient Across Economies, While Fiscal, Monetary And Political Risks Shape The Outlook — From US Fiscal Stress And Mid-Term Elections To Rising Japan Yields And Brazil's Electoral Cycle, Tale Of Top Down Weakness And Bottom Up Strength.

Fundamentals or Macros- What will drive the next leg of run in the markets?

AI Capex Is Driving Strong Demand And Earnings Growth For AI Supply Chain, But Rate-Hike Risks Keep Markets Cautious

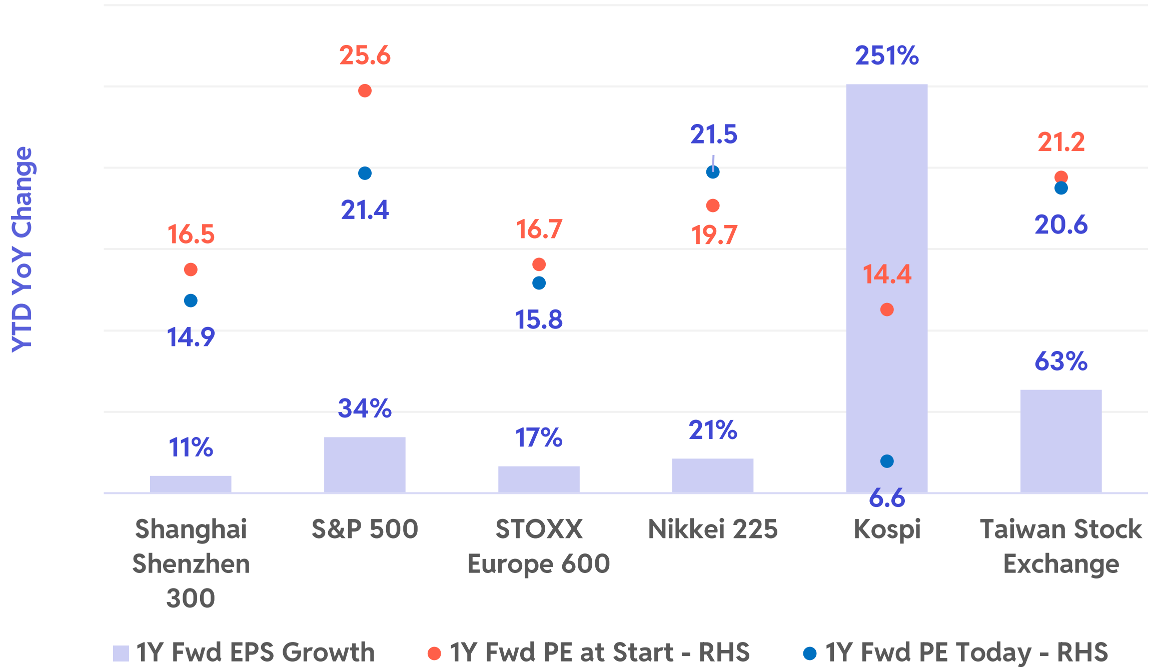
US Q2 Earnings Came In Extremely Strong at 52% YoY, With Energy Sector Earnings Growing By 146%. Also, Korea and Taiwan are seeing exceptional EPS growth as AI-driven semiconductor demand and higher capex support earnings, but rate-hike risks and uncertainty over the durability and ROI of AI spending are keeping market performance choppy



S&P 500 has de-rated from
25.x to 21.4x YTD (LPA-18x)

Semis have de-rated from
35.7 to 26.2x YTD

While Healthcare has re-rated
21.8x from 20.2x YTD



US Q2 earnings remained exceptionally strong, with S&P 500 earnings growth reaching 52% YoY, the highest since Q2 2021, led by Energy, Communication Services, Information Technology and Consumer Discretionary.

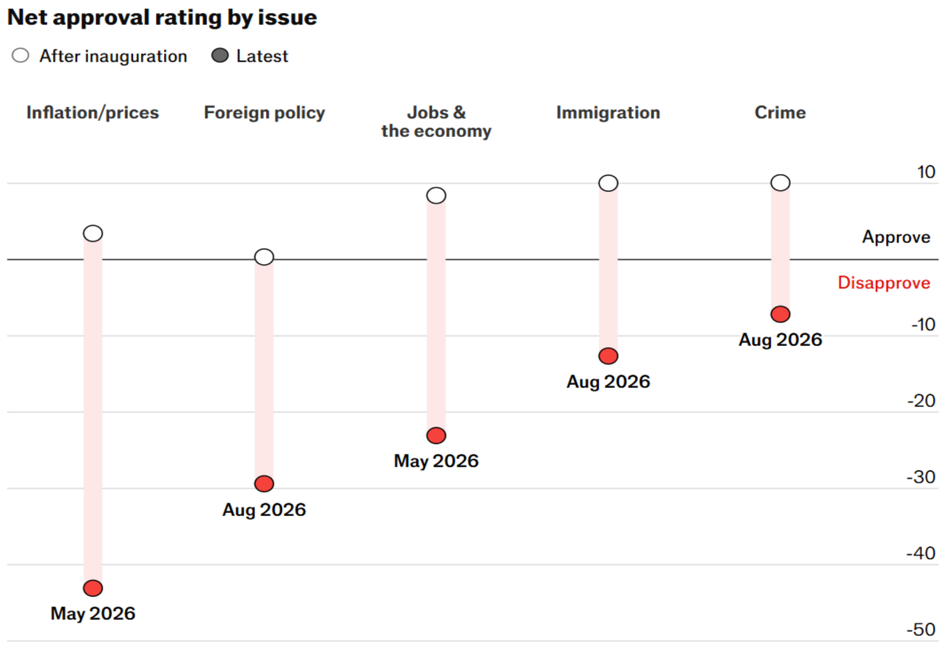
European earnings remained strong, with STOXX 600 earnings growing ~20% YoY in Q2, led primarily by energy, with earnings growth of 124%. Against the strong earnings backdrop, the STOXX 600 has also de-rated, with forward P/E declining from 16.7x to 15.8x YTD.

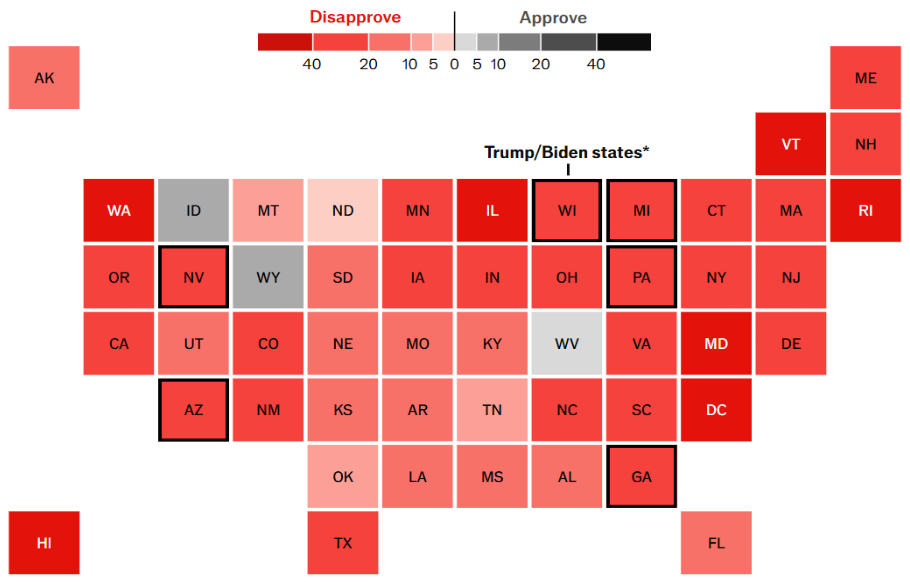
Earnings remained strong across Korea and Taiwan, led by semiconductors and the broader AI supply chain, with largest companies in the regions delivering earnings growth of 52% and 77% respectively in Q2.

Source: Bloomberg, Factset, Ionic Wealth, Data available as on August 31, 2026

Weak Approval Ratings Could Increase The Risk Of A Divided Congress

Weak economic and cost-of-living approval is raising the odds of a divided Congress, potentially constraining further fiscal expansion and adding to policy uncertainty





*States that voted for Biden in 2020 that Trump won in 2024
Sources: YouGov/*The Economist*; FiftyPlusOne; *The Economist*

Economic Concerns Remain the Key Political Vulnerability

- Approval is weakest for inflation/prices at -45 and approval for jobs & the economy also stands lower at -25, pointing to persistent dissatisfaction with the economic backdrop.
- With cost-of-living pressures still prominent while labor-market remaining largely stable, economic conditions are likely to remain central to the midterm vote.
- A shift in congressional control would constrain the scope for additional fiscal measures, particularly against an already elevated deficit.

Large Fiscal Deficit Leaves Limited Room for Further Expansion

- Negative approval across several key states is raising the risk of congressional losses in the 2026 midterms, increasing the probability of mixed government.
- Republicans favor lower taxes and higher defense and border spending, while Democrats favor higher taxes on corporations and high earners and greater social spending. Mixed government could potentially lead to changes in taxes and spending policy.
- With the federal deficit already elevated, a more limited fiscal response would provid less support to domestic demand while reducing the need for additional deficit financing and Treasury issuances.

Source: The Economist, Ionic Wealth, Data available as on August 31 , 2026

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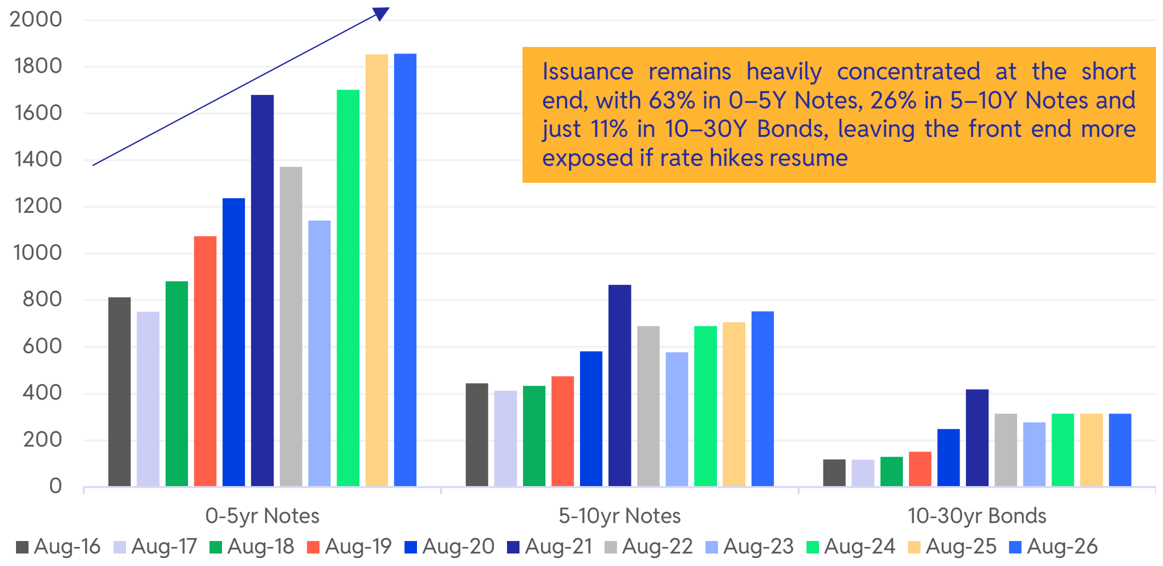
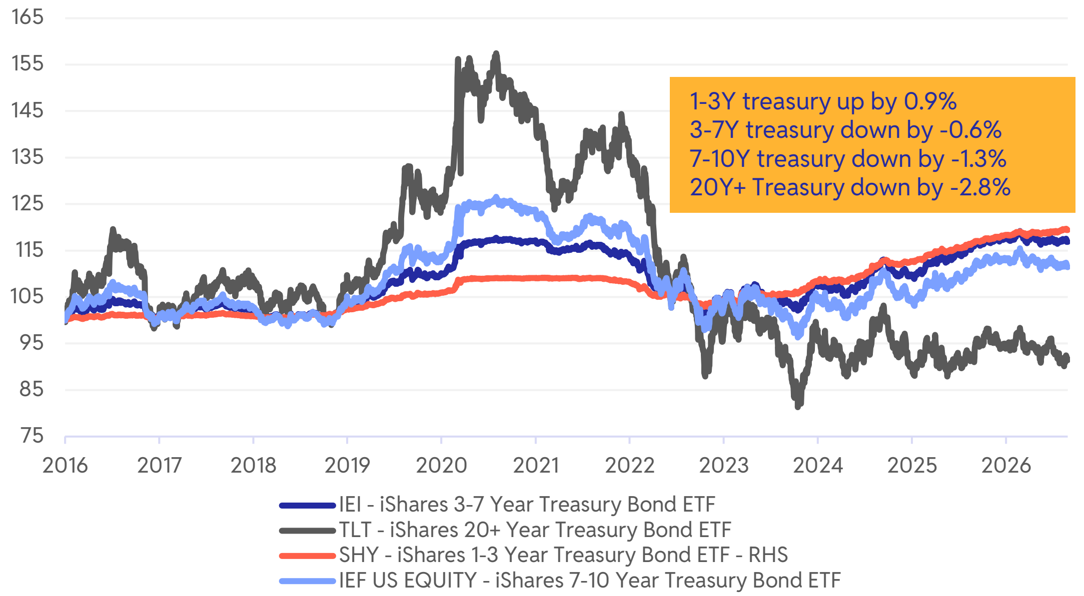
Long-End Exposure Already Elevated, But Rate Hikes + Increased Borrowing Could Put Greater Pressure On The Short End

While proposed Treasury buybacks were expected to provide support to longer-dated treasuries, they did little to soften yields as the measure did not lead to decrease in overall treasury borrowing. **The proposal to fund buybacks through additional short-term could leave the segment exposed to fiscal pressures and rising borrowing along with higher rate hike expectations**





- Treasury borrowing is increasingly concentrated at the short end, with 0–5Y notes accounting for 63% of issuance, leaving the front end vulnerable to fiscal pressures and higher rate-hike expectations.
- The long end remains vulnerable, with buybacks offering limited support so far and further yield movement dependent on government policy.
- In Jackson Hole Symposium, Fed Chair Kevin Warsh reiterated his stance on moving away from the forward guidance. He emphasized that markets should provide signals to the Fed "*as unfiltered as possible,*" arguing that " *If markets rely materially on the Fed's guidance and the Fed relies on market prices, we are all more likely to be blinded to new developments . . . more likely to be caught unprepared for a turn of events . . . and more likely to commit errors in policymaking".* This signals a meaningful shift from the forward-guidance-driven Fed framework markets have become accustomed to over the years.
- The rate hike seems increasingly imminent this year, but whether the Fed decides to hike in September or after mid-term elections remains an open question, even as market expectations for a September rate hike increased to ~57% after the Jackson Hole Conference from the previous 40%.

Source: Bloomberg, Ionic Wealth, Data available as on August 31, 2026

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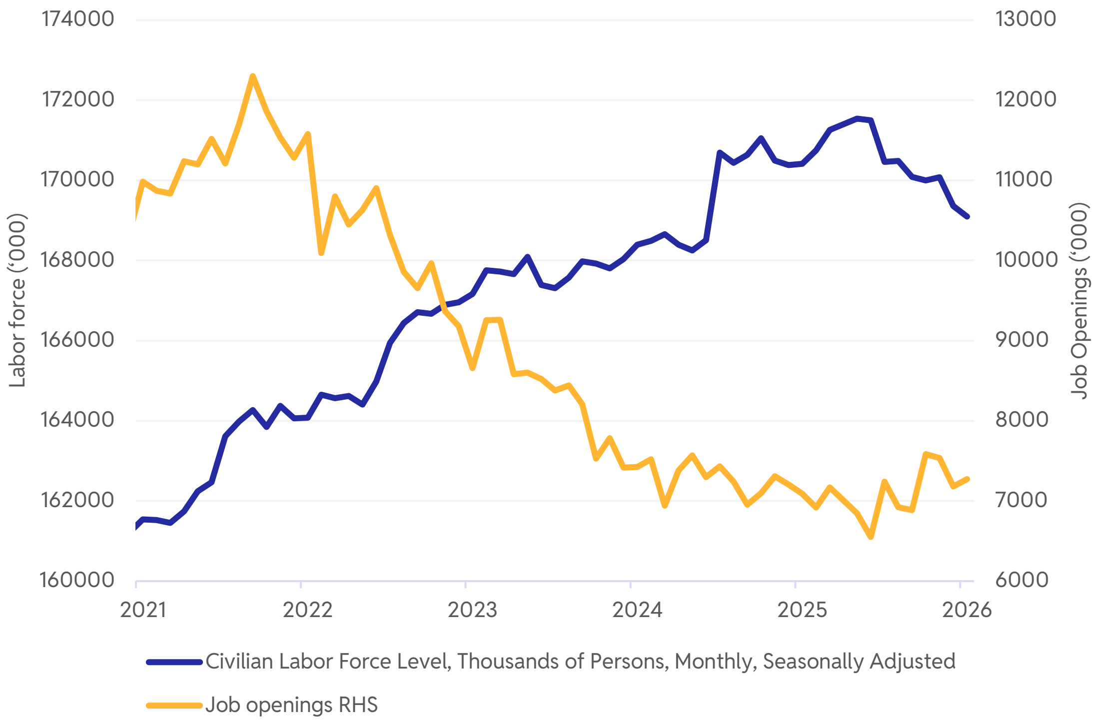
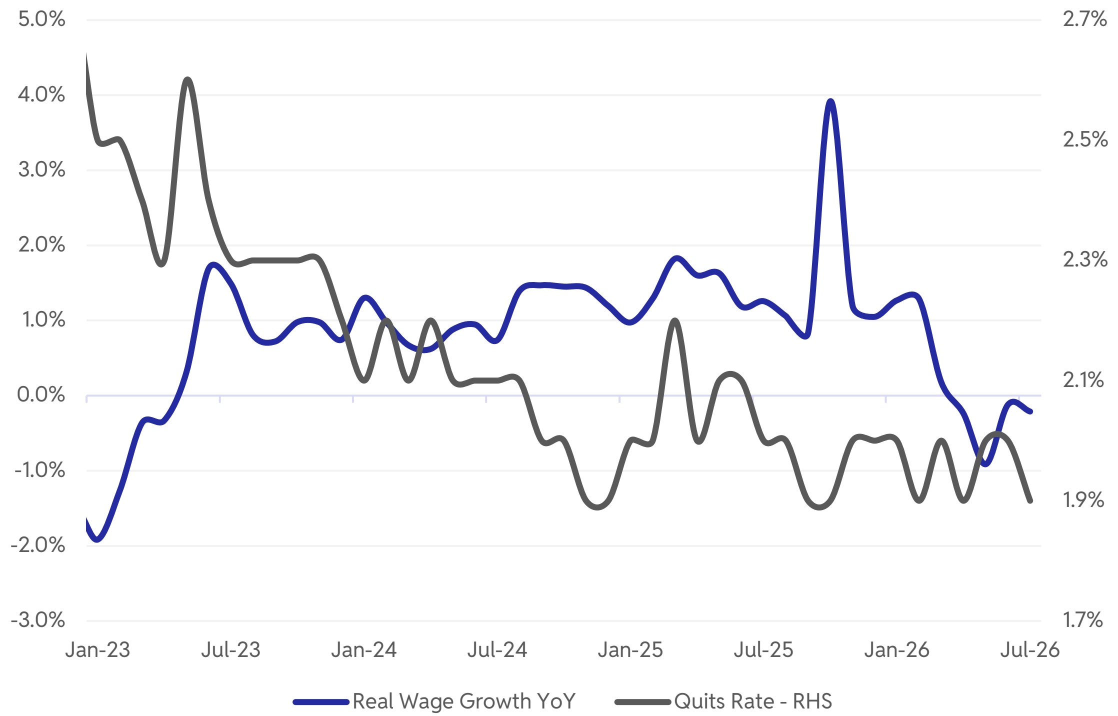
US Labor Market Cooling, But No Signs Of Imminent Stress; Elevated Inflation Keeps Rate-Hike Expectations High

With wage growth moderating but inflation remaining above target, markets are continuing to price a relatively restrictive policy path





Labor Supply Has Tightened, While Labor Demand Remains Largely Resilient

In July, the labor force has declined 0.8% YoY, while job openings have grown 2.6% YoY, indicating that labor demand remains relatively resilient despite weaker labor supply.

Lower Worker Mobility Is Contributing to Weaker Wage Growth

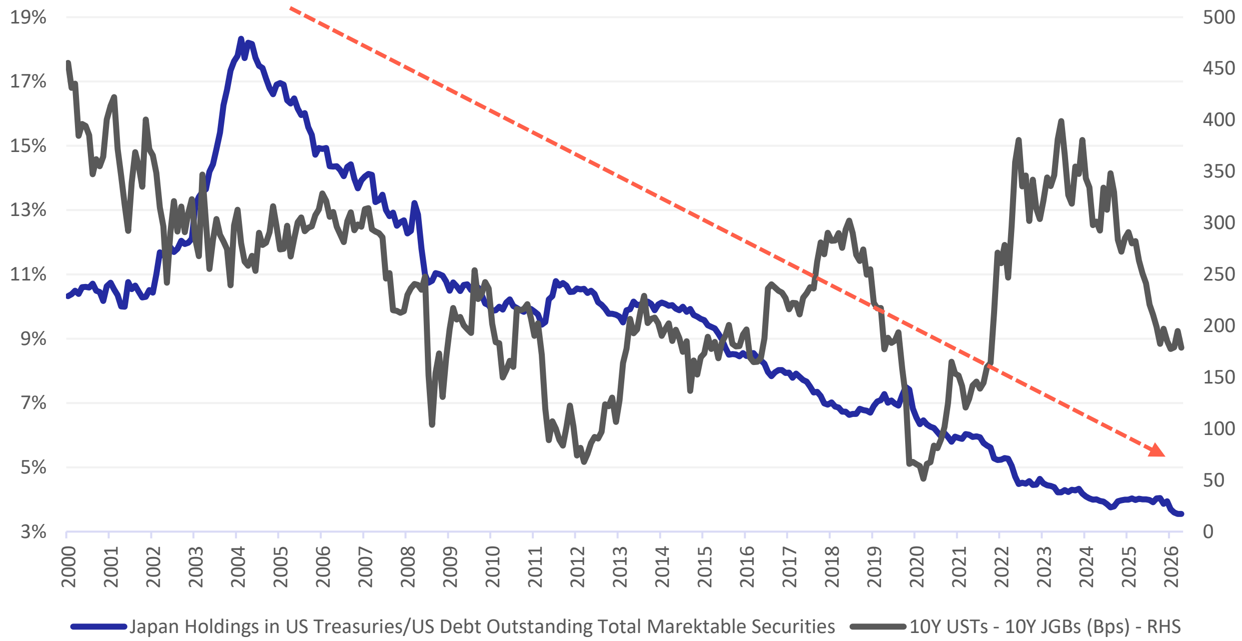
Average hourly earnings grew 3.2% year-over-year, but after taking into account inflation, real wage growth has fallen by 0.2%. With fewer workers changing jobs, the quits rate has also fallen to 1.9%, reducing employees' ability to negotiate higher wages. This points to weaker wage pressure and a lower risk of wages adding to inflation.

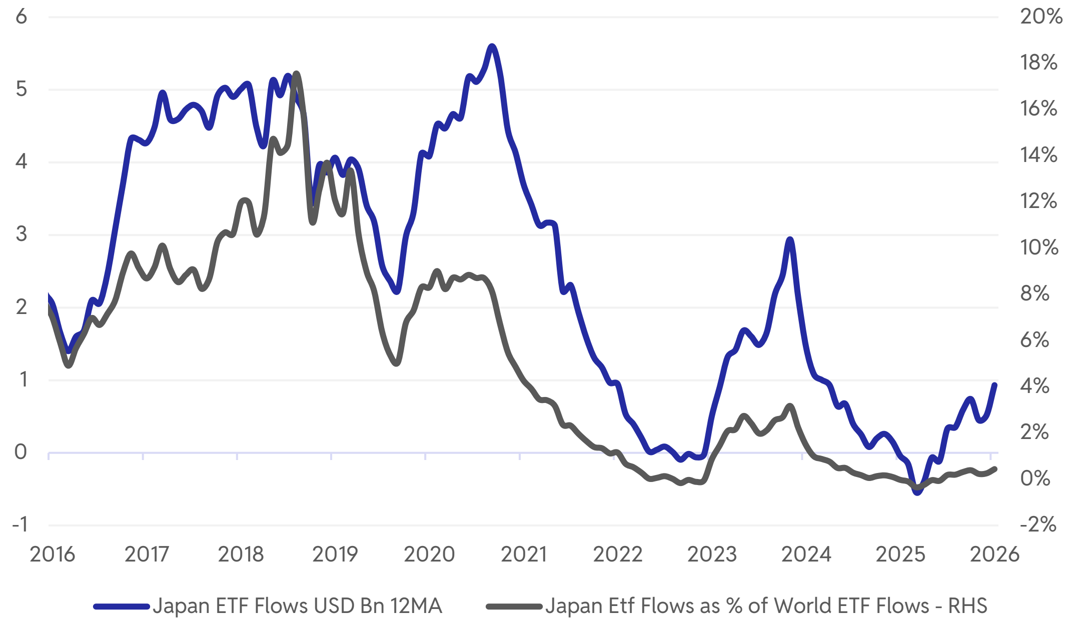
Source: FRED, Bloomberg, Ionic Wealth, Data available as on August 31 , 2026

Japan Rate Normalization: Could Faster Tightening Reshape Global Flows?

Higher JGB yields and a narrowing U.S.–Japan yield differential could encourage Japanese investors to shift capital back home

The US–JPY 10Y spread has come down sharply from its 455bps peak in 2000 to 178bps, thereby suggesting the carry incentive now is nowhere near its historical highs



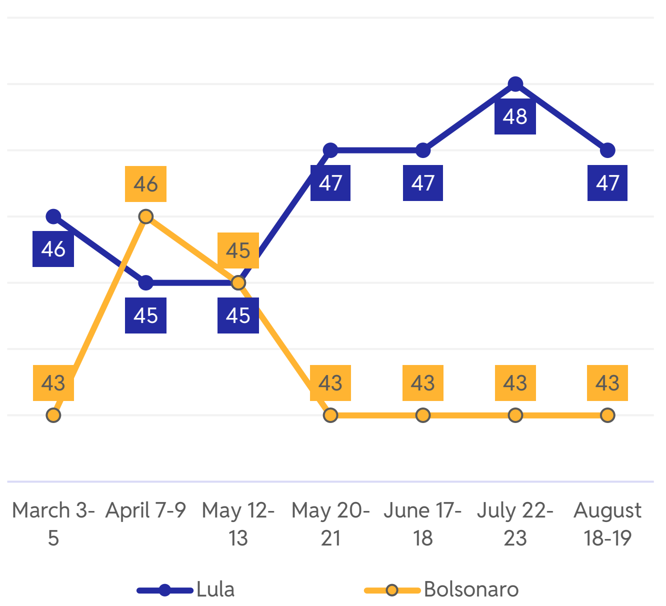


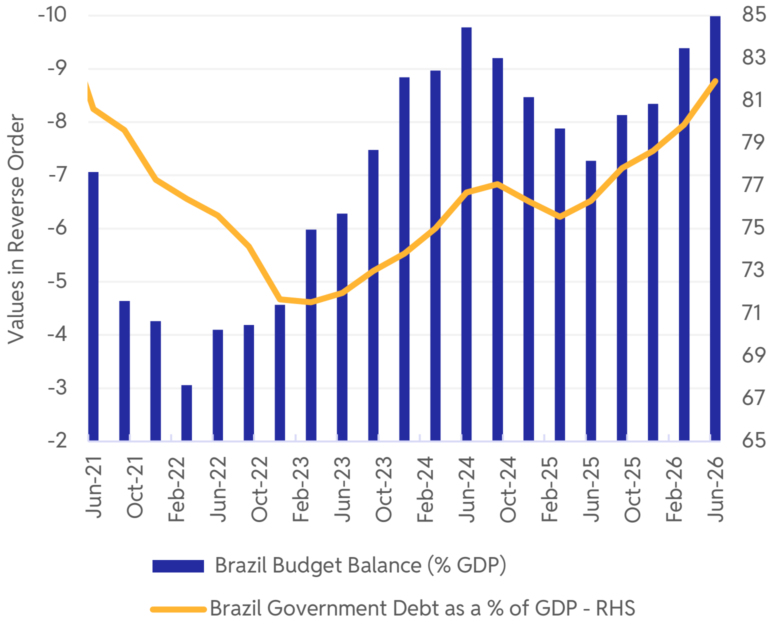
- The yen carry trade is losing its structural advantage, with 10Y JGB yield near 2.9% and the US–Japan 10Y spread at 178bps, narrowing the reward for borrowing in Yen and investing in US assets. Faster rate hikes in Japan could continue to narrow the spread.
- Japan ETF flows have also recovered in 2026 after weakening in 2025, pointing to renewed demand for Japanese assets as the relative yield advantage of US assets narrows.
- Further BOJ tightening could reinforce these trends by raising the cost of Yen funding and increasing the attractiveness of JGBs, potentially accelerating the shift towards domestic assets and creating a persistent headwind for US Treasury demand.
- This points to a gradual reallocation of Japanese capital rather than a 2024-style carry episode, with narrowing rate differentials and higher domestic yields reducing the incentive to invest abroad.

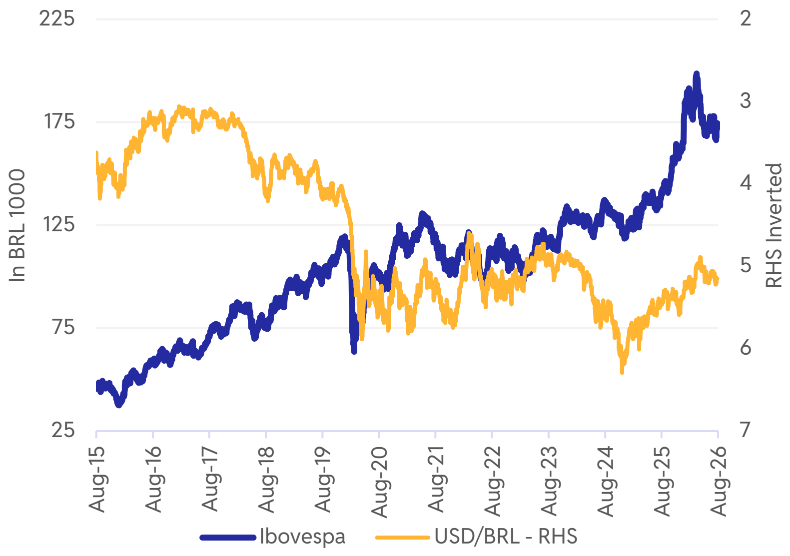
Source: Bloomberg, Ionic Wealth, Data available as on Aug 31 , 2026

Brazil: Election, Fiscal Burden And Yet Moderating Inflation Is Supporting the Markets

Brazil’s 2026 election will shape the fiscal outlook, with high debt and persistent deficits limiting the scope for further fiscal support







Approval remains closely contested

- Lula and Bolsonaro remain closely matched at 47% and 43%, leaving the election outcome finely balanced.
- A Lula continuation would favor continued spending support, while a Bolsonaro victory would imply greater fiscal consolidation, with the key difference being the pace of disinflation and the room for further rate cuts.

Fiscal Burden & Inflation Support the Case For Further Monetary Easing

- The deficit has widened to around 10% of GDP, while debt has risen back above 80%, leaving limited scope for further fiscal support.
- Inflation is now easing, with IPCA-15 at 4.24% yoy and prices falling 0.4% mom, giving the BCB room to continue its easing cycle.

Brazil’s Disinflation and BRL Recovery Are Supporting the Ibovespa

A stronger BRL is helping reduce imported inflation pressure, while easing domestic inflation is improving the scope for lower interest rates.

The 2026 election is therefore important for the sustainability of the equity rally: fiscal expansion could weaken the BRL and slow the decline in rates, while a more disciplined fiscal path would support the current improvement in financial conditions.

Source: Reuters, Bloomberg, Ionic Wealth, Data available as on August 31 , 2026

The market would likely favor a Bolsonaro outcome, reflecting greater confidence in fiscal discipline and a clearer path towards debt stabilization through tighter spending controls and a debt-linked fiscal rule, while Lula government continuation would leave fiscal pressures elevated and increase uncertainty around policy continuity and succession.

Themes In Focus…

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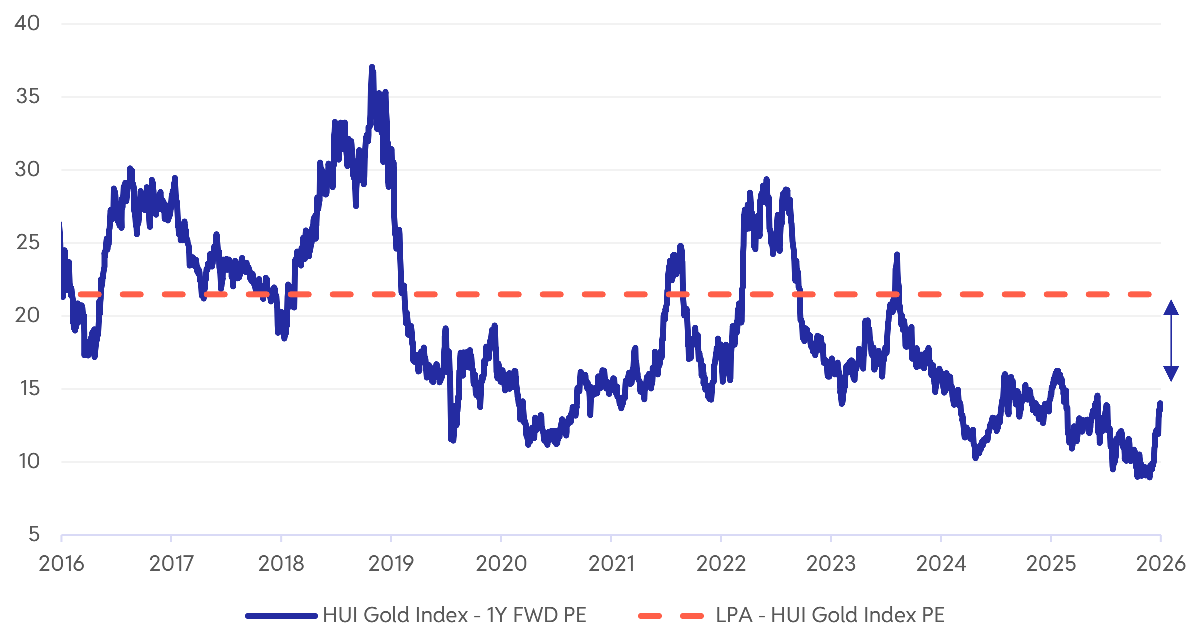
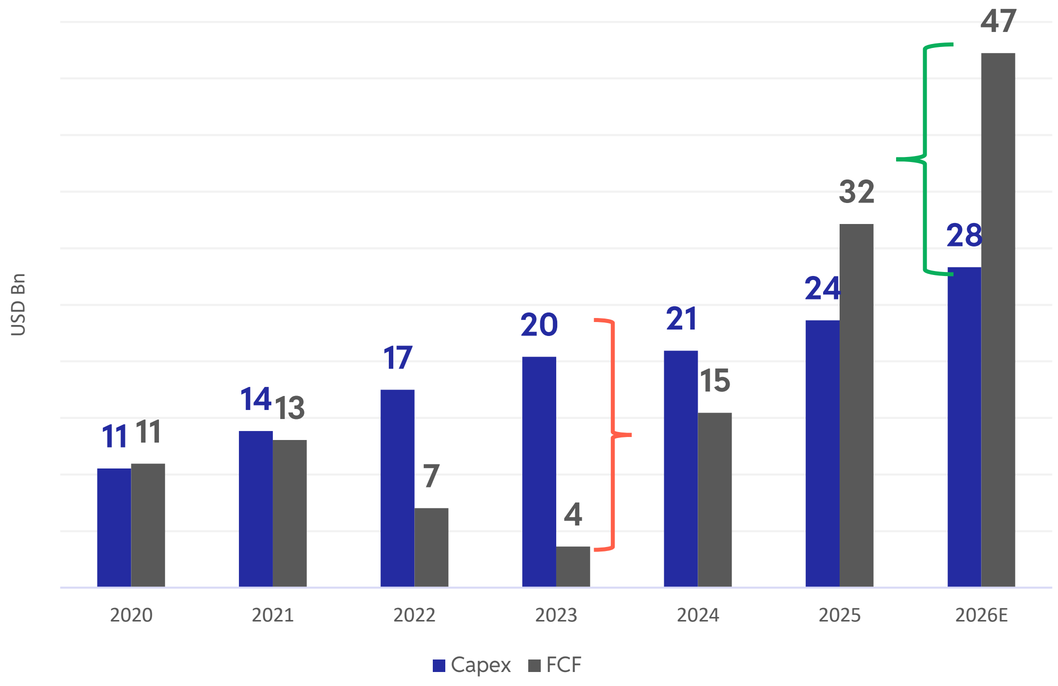
Strong Gold Fundamentals Support Gold Miners, Driving Wider Margins and Stronger Earnings Growth

Strong central-bank buying and a shift away from US Treasuries are strengthening gold's structural demand outlook, supporting elevated prices and improving fundamentals for gold miners





- Elevated gold prices are supporting strong miner margins, with gold around USD 4,500/oz versus global average AISC of ~USD 1,706/oz. The wide gap between gold prices and production costs leaves producers with significant margin headroom despite rising mining costs.
- Strong margins are translating into robust cash generation, with 2026E free cash flow of ~USD 47bn versus ~$28bn of capex. The gap between cash generation and investment leaves miners with flexibility to expand production while maintaining balance sheet strength.
- Despite strong profitability and cash generation, miner valuations remain below historical levels, with HUI 1Y forward P/E at ~14x versus a long-run average of ~21.5x. The combination of strong fundamentals and lower valuations leaves room for further upside in gold miners.

Source: Bloomberg, Ionic Wealth, Data available as on August 31 , 2026 | AISC – All-in Sustaining Cost

Energy Storage Is Becoming Critical Infrastructure As Power Demand Accelerates

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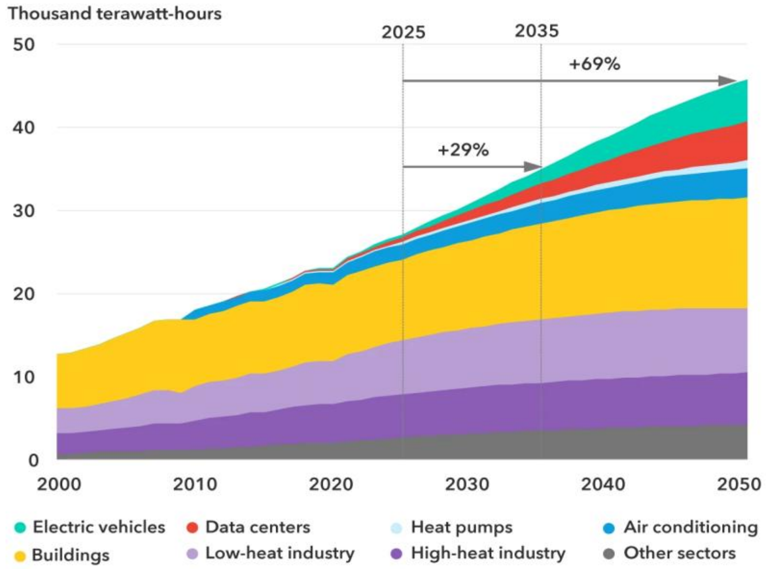
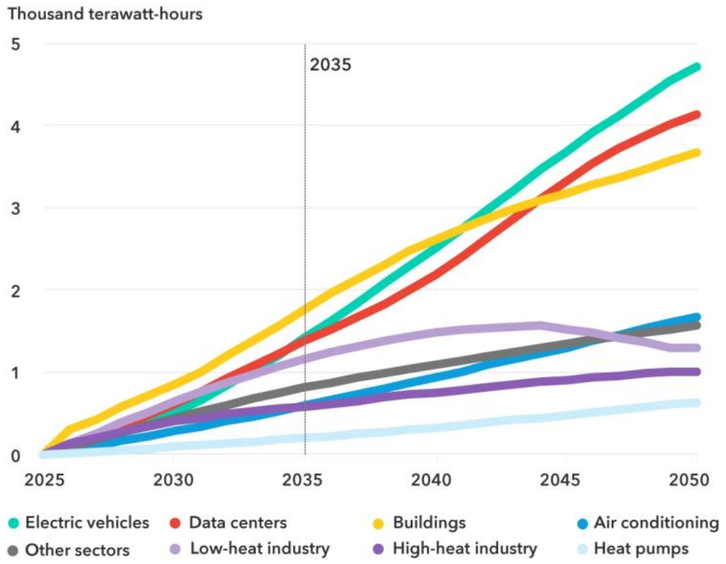
AI, electrification and renewable intermittency are increasing the need for grid flexibility, driving a sharp upward revision to the storage outlook

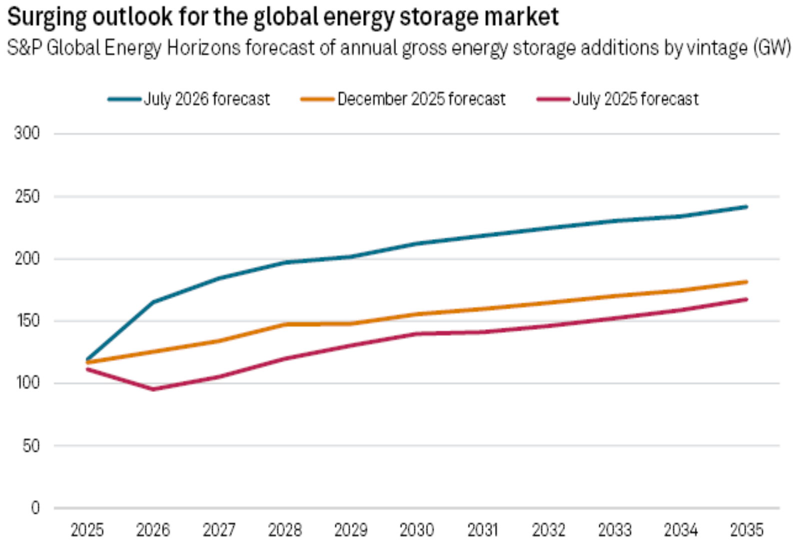
Data centers, EVs, buildings and industrial electrification all add new electricity demand



Data centers are becoming one of the fastest-growing sources of incremental electricity demand



S&P has materially re-rated storage deployment, raising its 2026 outlook to ~165 GW, nearly 2× the ~95 GW forecast a year earlier



The Power System Is Creating A Structural Need For Storage

Grid Capacity

Transmission and interconnection take years, while new power demand is arriving now, Batteries can be deployed faster and locally

Renewable Intermittency

Solar and wind generation does not always match when power is needed, Storage shifts electricity from low-demand/high-generation periods to high-demand periods

Peak Power

AI data centers create large, concentrated and increasingly dynamic load, batteries provide fast-response power, peak shaving and backup

Grid Flexibility

A more dynamic power system requires more balancing. BNEF expects generation with shifted timing to rise from 3% today to 11% by 2035

- Accelerating electricity demand and growing grid constraints are creating a structural need for energy storage.
- Electrification and data centers are increasing demand, while greater solar and wind penetration creates a growing need to shift power through time.
- Storage provides the flexibility to bridge these gaps, driving S&P Global's forecast for ~165 GW of annual additions in 2026 and ~240 GW by 2035.

Source: S&P Global, Bloomberg Ionic Wealth, Data available as on August 31, 2026 | BNEF - Bloomberg New Energy Finance

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