

TACO vs Sarajevo 1914: -Taking Bets is a Trader's Bailiwick

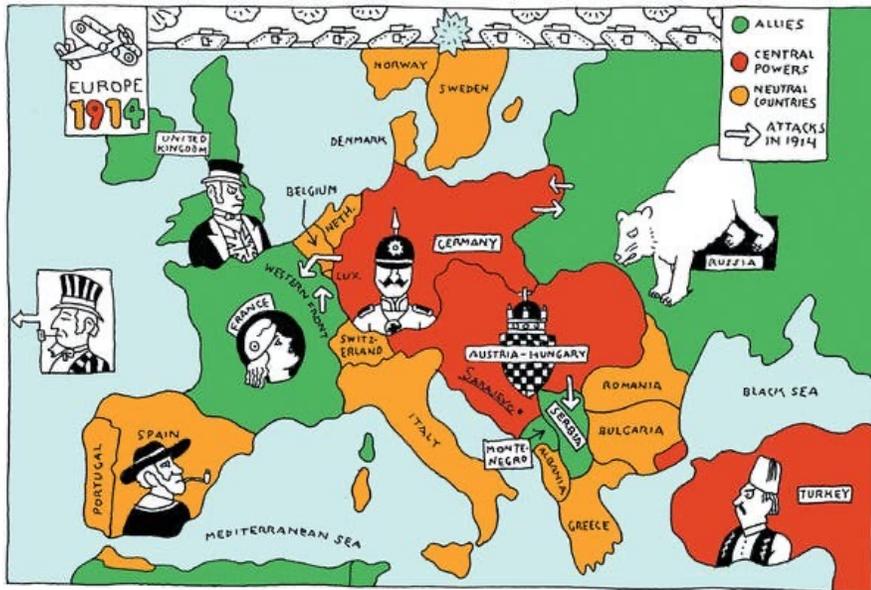
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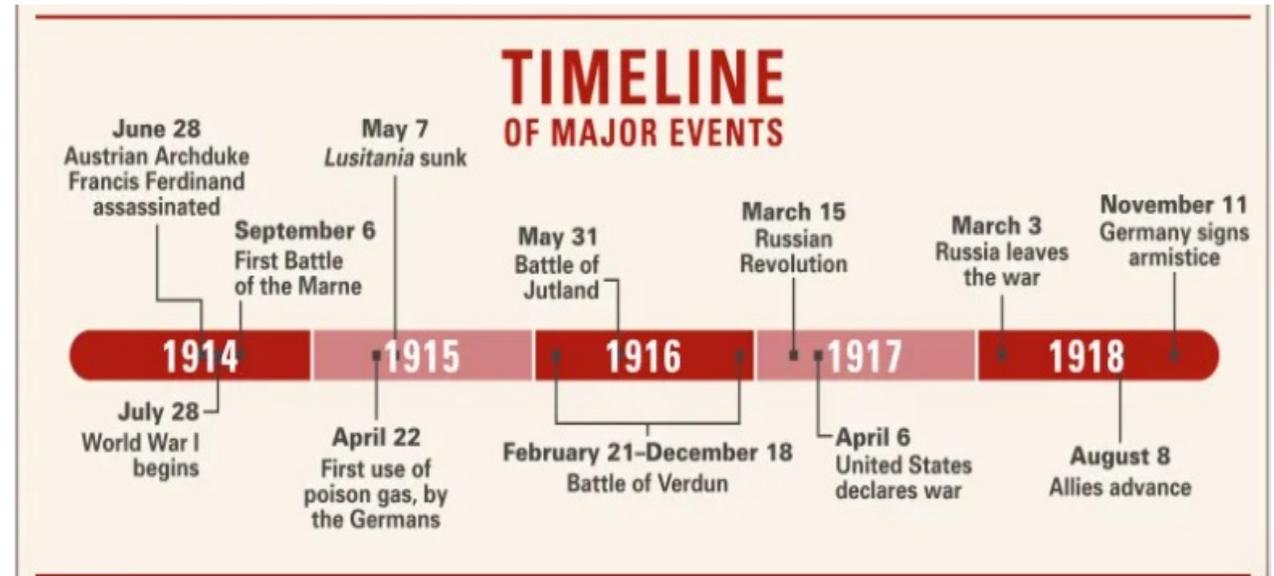
March 9, 2026

Blast from the past ... literally

Sarajevo 1914



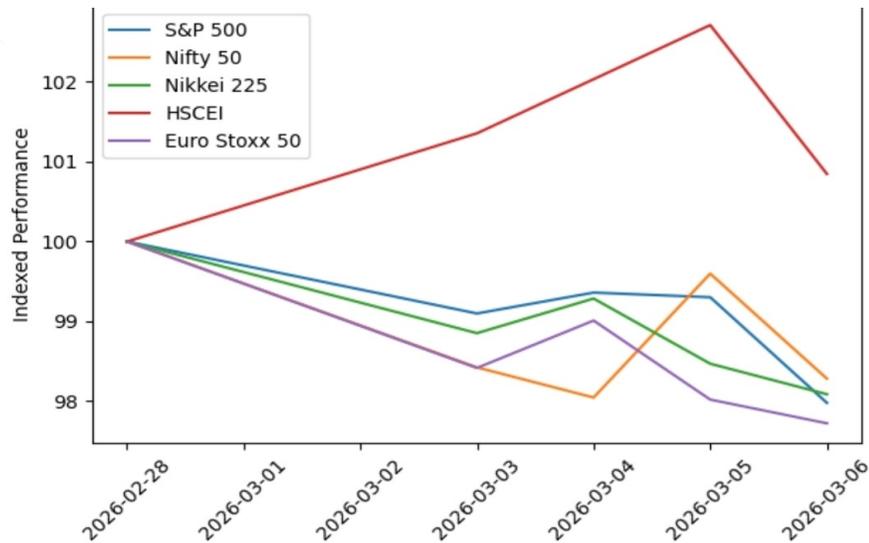
How It Snowballed



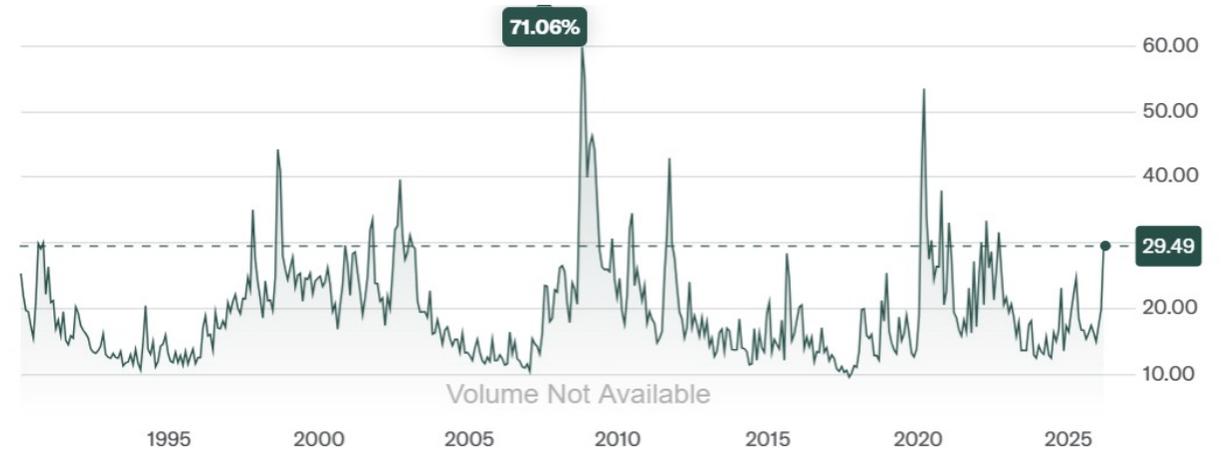
It was a political assassination of a royal, triggered a war.
Lasted rather longer than anyone thought it would...

Headline Markets – TACO, Underneath – Sarajevo 1914

Equity market hasn't corrected meaningfully yet



However, volatility has spiked



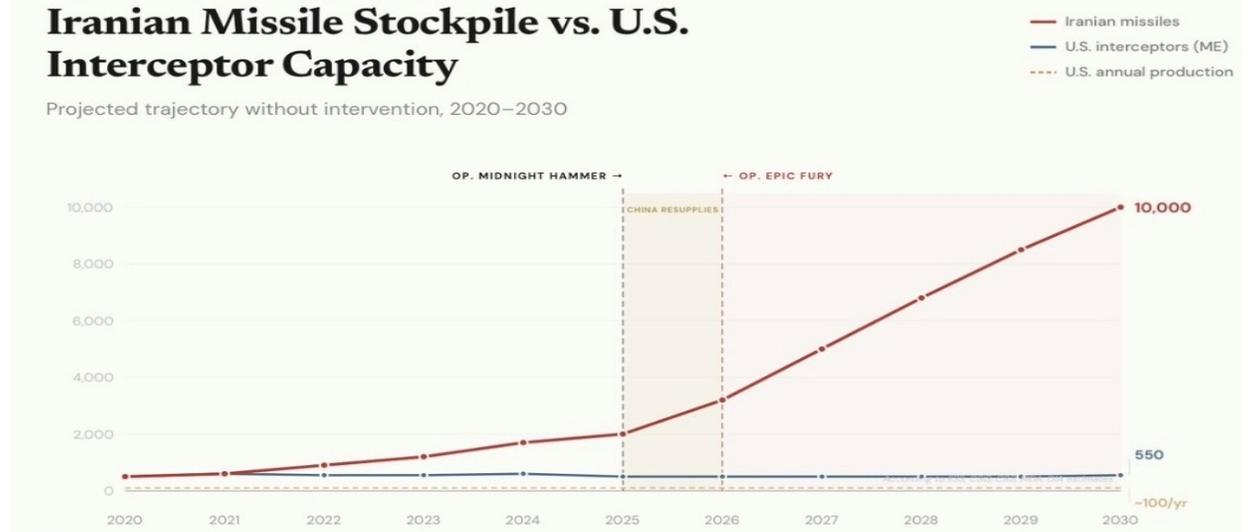
- Headline markets are very stable across the world
- For now, equities are shrugging off oil price shock and geopolitics
- Volatility is demonstrating significant underlying nervousness though – CBOE VIX is in 6 sigma territory

Magazine Depth – It's a 2-sided issue

Iran Ballistic Missile Launch Trajectory



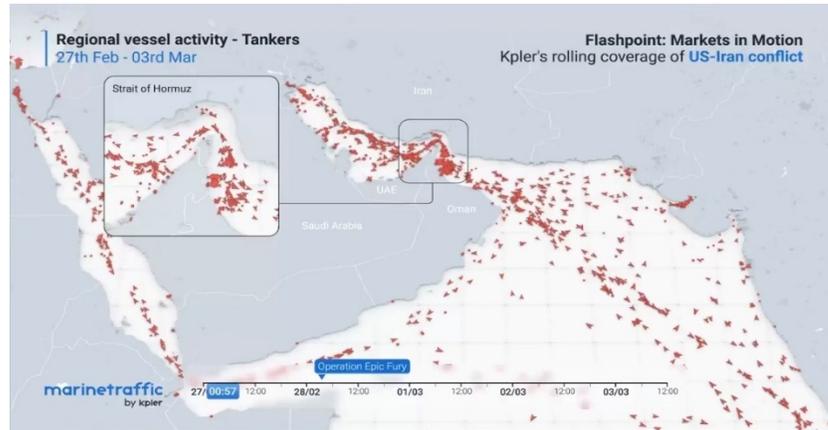
Iranian Missile Stockpile vs. U.S. Interceptor Capacity



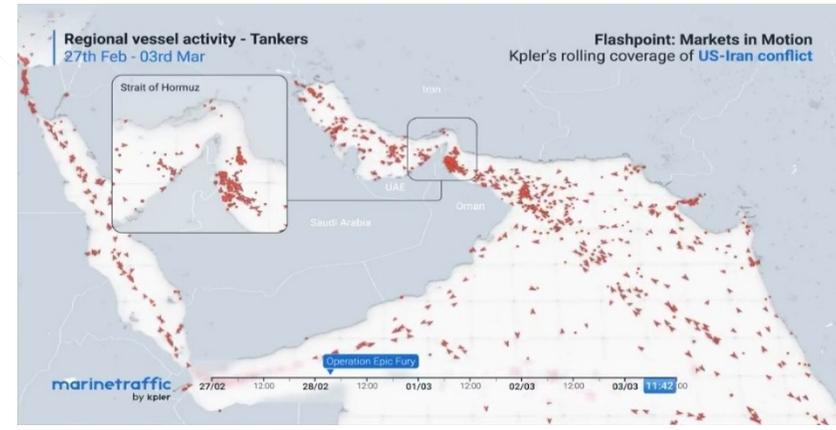
- Magazine depth is great discussion for nerds, but limited import for investors
- Inventory numbers are highly classified, and replenishments can have multiple sources other than industrial capacity (US is transporting BMD batteries from South Korea to Middle East, eg)
- ***In short, both sides can stretch for much longer. Or not. We don't know***

Straits of Hormuz is on Fire, so is Oil....

Traffic just before the war



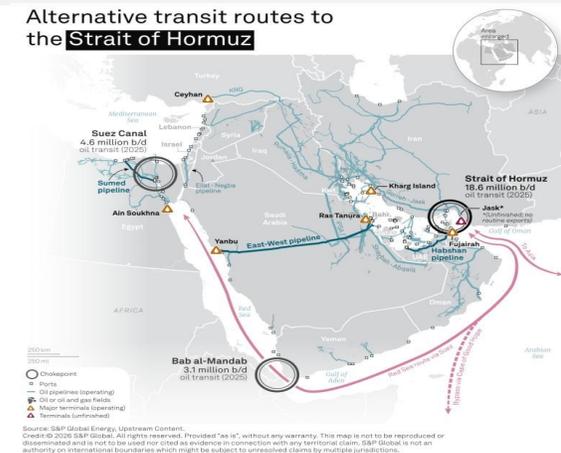
Traffic is significantly low now



These are reflected on the oil price



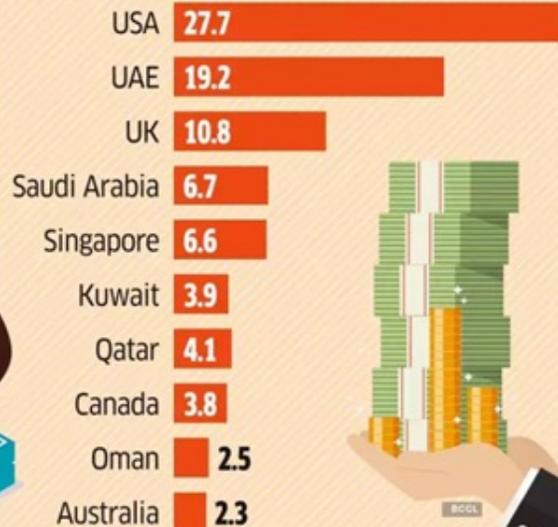
Alternative is costly and constrained



India Impact – Oil, Remittances, Exports

Remittances

TOP TEN ORIGINATORS OF INWARD REMITTANCES TO INDIA IN FY24



Exports

India's Export to West Asian Countries in \$ mn

Countries	FY25	FY 26 till Dec	% share in Indias Total Export
1) IRAN	1,241	883	0.27
2) IRAQ	3,273	2419	0.73
3) ISRAEL	2,145	1663	0.50
4) JORDAN	755	828	0.25
5) LEBANON	337	255	0.08
6) SYRIA	64	67	0.02
7) YEMEN REPUBLIC	856	591	0.18
Total West Asia Excl GCC	8670	6706	2.03
1) BAHARAIN IS	797	612	0.19
2) KUWAIT	1935	1362	0.41
3) OMAN	4065	3190	0.97
4) QATAR	1682	1300	0.39
5) SAUDI ARAB	11757	7774	2.36
6) U ARAB EMTS	36638	28866	8.75
West Asia- GCC	56875	43104	13.06

- GCC accounts for 13% of India's exports and 35% of remittances

- Prolonged conflict that shuts the region off (Dubai airport is still near-shut) will impact consumption and jobs

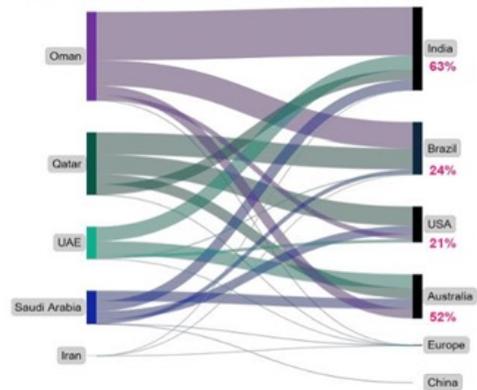
- Every \$10 rise in oil is \$15-18 bn added to CAD, ~-3-0.4% impact on GDP growth

India Impact – Fertilizer (The “F” word no one is talking about)

Product 3102- Nitrogen fertilizers (Urea, ammonia)

Exporter LHS to Importer RHS - 2024

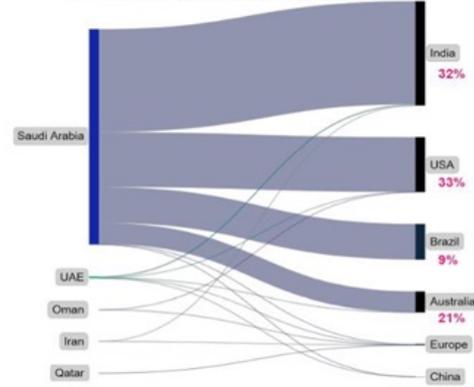
Gulf share in country's imports of product 3102 (%)



Product 3105 – Phosphate diammonium

Exporter LHS to Importer RHS - 2024

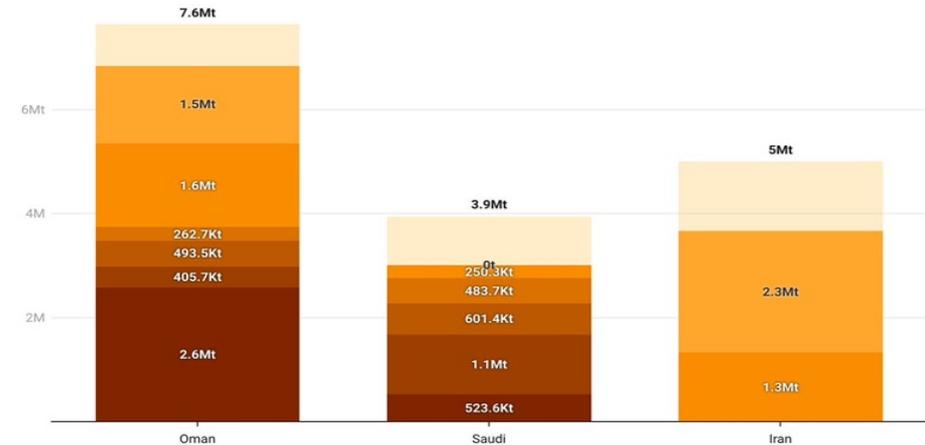
Gulf share in country's imports of product 3105 (%)



Middle East Urea Exports Destinations

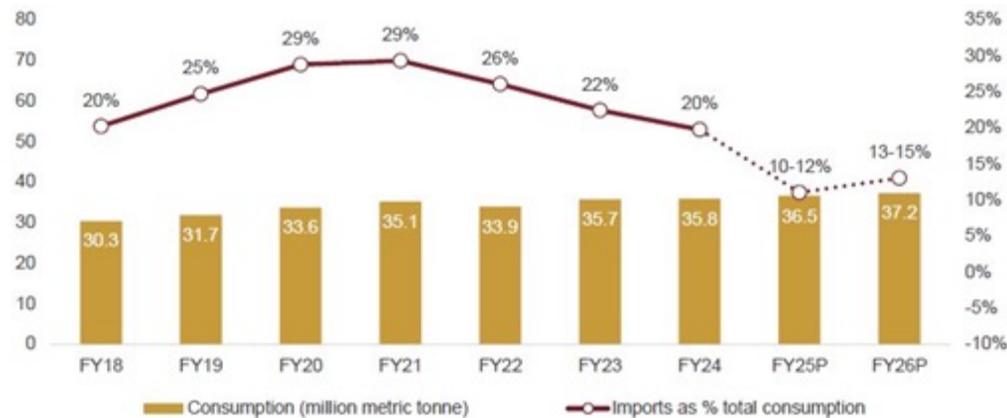
Majority of urea exports goes to Asia: India, Thailand, Turkey

Legend: India, Thailand, Australia, USA, Brazil, Türkiye, Others



2024 data
Chart: Winston M. S. • Source: UN Comtrade • Created with Datawrapper

India's dependence high on fertilizer



India has large fertilizer import dependencies for both feedstock (natural gas) as well as finished product (Urea) – Mix of fiscal (government subsidy as imports get tighter) and supply side (food production) inflation shock risks, if the war prolongs...

Investment Ideas

Liquidity, Liquidity, Liquidity.....

ASK

Investment Idea 1 – USD

Spike in USD from safe haven status



GSF4 provides the cushion

Annualized (INR)	2 M	3 M	6 M	1 Y	2 Y	Since Inception*
ASK USD Money Market Fund - T1	11.37%	11.14%	9.98%	7.57%	8.78%	7.31%
ASK USD Money Market Fund - T2	11.53%	11.31%	10.28%	7.80%	8.98%	7.40%

Oil touches \$100, Central Bank Trilemma:

- Oil-driven inflation – rate hike
- Growth shock – rate cuts
- War financing/deficits – monetisation

Net net, inflation gains primacy, USD gains currency (pun entirely intended)

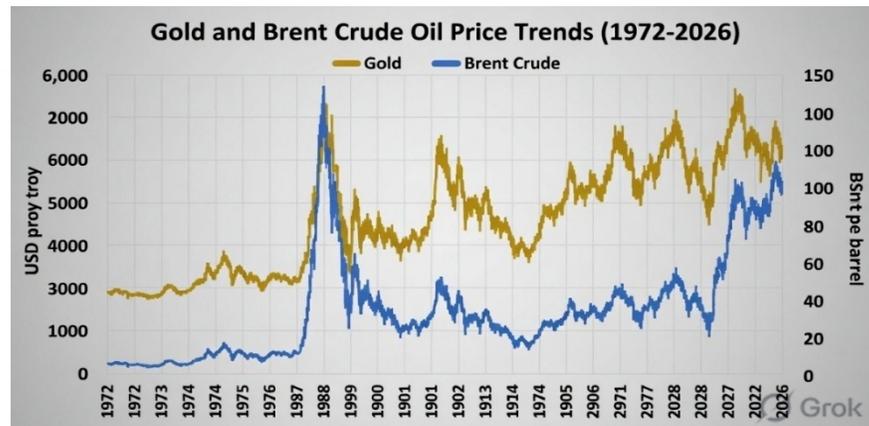
ASK GSF4 is the perfect segue into pure, near-risk-free USD exposure

Investment Idea 2 – Gold

Gold elevated with some volatility



Long-term safe haven status unchanged



Gold hasn't blown the charts off, despite risk-off:

- Need for liquidity – Gold is today a very liquid large asset in portfolios
- Inflation primacy in near-term – scramble to buy USD

Structural positioning remains very strong:

- VERY STRONG correlation (0.65) between oil prices and Gold
- As inflation expectations give way to recession fears, Gold takes over from USD as the safe haven asset
- **More-than-trivial probability of Central Banks appropriating Gold Reserve revaluations to monetise public debt**

Else, Investing in a time of geopolitical excitement – Hard Assets Ahoy...

Base Case – TACO (65%)		Geopolitical Disruption Case – Sarajevo 1914 (35%)	
Themes	Core Investment Ideas	Themes	Core Investment Ideas
Weak USD	EM Equities	Strong USD	US Treasuries, DXY
High US Fiscal Deficit	Deeptech equities	Low US yields	Precious Metals
High US yields	<ul style="list-style-type: none"> Defence Precious Metals Select industrial commodities Real Estate, Infrastructure 	Inflation perking up	<ul style="list-style-type: none"> Industrial Commodities Defence Oil Real Estate, Infrastructure

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Thank you

