IPC – From giddy to greedy

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IPC: From giddy to greedy

A Economy & Markets – key indicators and trends

- The New World – History doesn't repeat, but it sure rhymes
- Elevated geopolitical risks; hope for abatement
- War-end – hopes and despair
- Disruptions may take longer to normalise
- Broader implications – Stagflation risks
- Trade war may resume again
- The overhang of FIIs outflows
- Performance of global markets
- Relative attractiveness of India vs. others
- Need to go global for AI-Tech plays
- US - What works despite high valuation
- War impact on Indian economy
- Earnings likely to be impacted
- Indian Valuations – Down, But no blood on the street yet…
- Advantage largecap: Earnings-valuation combo favorable
- PSUs, Financials still holds maximum potential

B Other Assets

- Interest Rates – Gordian's Knot for RBI…
- RBI policy conundrum
- Gold and Hybrids performed better
- Gold Movement: volatility and weakening correlation
- Risk management requires multi-asset framework!
- No perfect correlation – we don't need any
- Investments – Hedge for Stagflation, Hope for Low Inflation-Low Growth

C Strategy, Stance and Portfolio

- Stay neutral on Equity and Domestic Equity and turn neutral on Large Cap
- Stay underweight on Fixed Income
- Stay overweight on REITs/InvITs
- Turn neutral on Gold
- Model portfolio: Construct and Stance
- Performance of ASK PW Schemes

ASK

IPC: Stay Neutral on Equity; Turn Neutral on Gold
Stay Underweight on Fixed Income & Stay Overweight on Hybrid

A Equity – Stay Neutral:

- Elevated geopolitical risks and threat of further tariff measures as also the overhang of FIIs withdrawal are the three major risks facing the equity market now.
- Supply disruptions would take longer time to resolve while sectoral bottlenecks and investment climate may impact corporate earnings.
- We have stayed neutral on equity recognizing the need to keep risk in sync with geopolitical developments and the evolving economic and market outlook.
- We have also stayed neutral on global/domestic and Large/SMID space.

B Fixed Income – Stay Underweight:

- RBI has effected 125 bps rate cut during 2025 while inflation estimate has been cut by 200 bps.
- However, yield curve reacted adversely on stance change to neutral from accommodative since Jun-25.The war has led to further shift and steepening of the yield curve.
- We stay underweight on fixed income and stay overweight on short-term on lack of any bullish trigger.

C REITs/InvITs – Stay Overweight:

- REITs/InvITs have emerged with AUM above INR 1tn while capex growth continues apace.
- We stay overweight in view of continued opportunity of this emergent asset class.

D Gold – Turn Neutral:

- Gold has enjoyed a stellar run in recent times on the back of policy uncertainties, buying from Central Banks and China and India buyers.
- However, gold has displayed volatility recently while correlation with other variables are showing cyclical pattern weakening its predictability. We turned neutral from overweight earlier on these factors.

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Source: ASK PW.

Three risk factors –
War, Tariff & FIIs (WTF)

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The New World – History doesn't repeat, but it sure rhymes

THEN

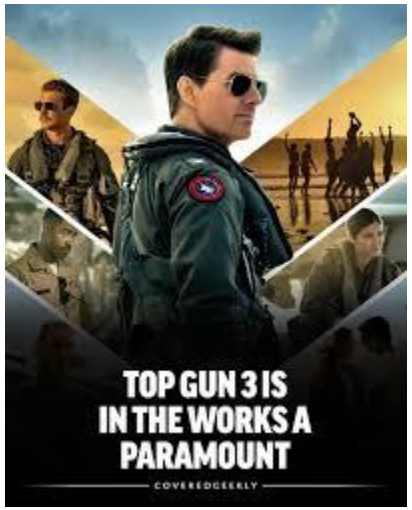


NOW









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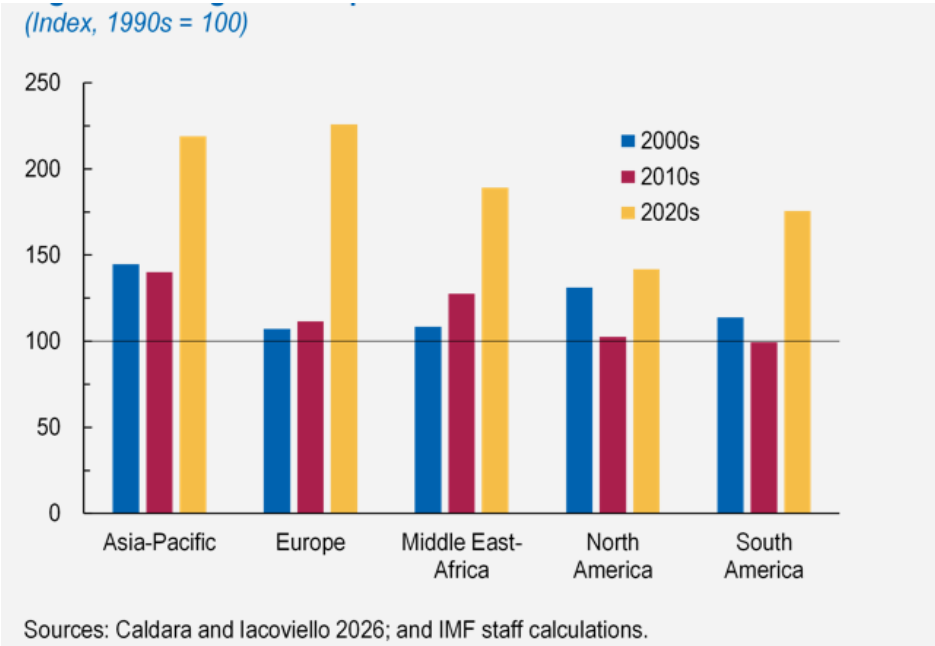
Source: Media, ASK PW.

Elevated geopolitical risks; hope for abatement

Caldara Lacoviello Geopolitical Risk Index – Decadal



Sources: Caldara and Iacoviello 2026; and IMF staff calculations.

Caldara Lacoviello Geopolitical Risk Index – 7day rolling avg



The impact may not be long lasting though

	GPR	*S&P 500*	*Nifty 50*	*DXY*
GPR	100%			
S&P 500	-13%	100%		
Nifty 50	-12%	53%	100%	
DXY	1%	-35%	-30%	100%

Source: IMF, CMIE, Bloomberg, Refinitiv, ASK PW.

War-end – Hopes and despair

Track record of declaration and deals

CORPORATE

Comparison of "End of War" Declarations

Conflict	Key Announcements of "End" or "Settlement"	Estimated Frequency	Recurring Keywords Used	"Deal" Count (Approx.)
Russia-Ukraine War	Claimed he would settle the war within **24 hours** of taking office. Later called this claim "a little bit **sarcastic**" in March 2025.	**60+ times** (including 53 documented campaign repeats).	*24hours , settled , quic kly , peacemaker , pre sident-elect .*	**Hundreds** of times regarding the "great deal" for Putin and Zelensky.
Gaza War	Declared the war **"over"** on 12 Oct 2025 while flying to Israel. Claimed in Feb 2026 he had **"ended eight wars,"** including Gaza.	**~10–12 major instances** of declaring a final resolution or ceasefire.	*Over , peace , ended , last warning , Board of Peace , normalized .*	**30+ times** specifically tied to his 20-point Gaza plan.

Normalization timeline subject to reversal

Scenario	Energy market stabilization
Durable ceasefire + gradual Hormuz reopening	Price volatility eases in **4–8 weeks**; supply stabilizes in **3–6 months**
Stop-start ceasefire (most likely)	High volatility persists **6–9 months**
Prolonged disruption / renewed attacks	Elevated prices and shortages **12+ months**

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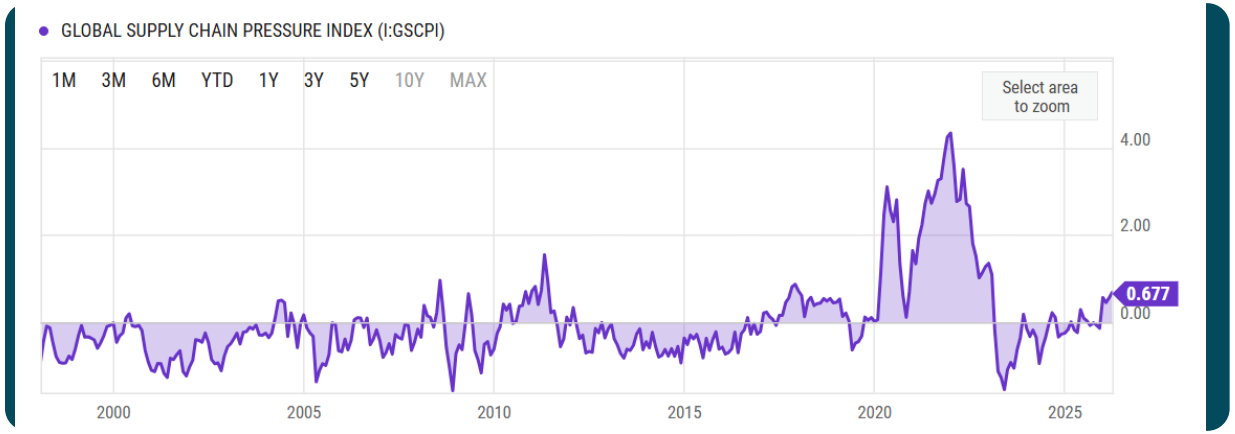
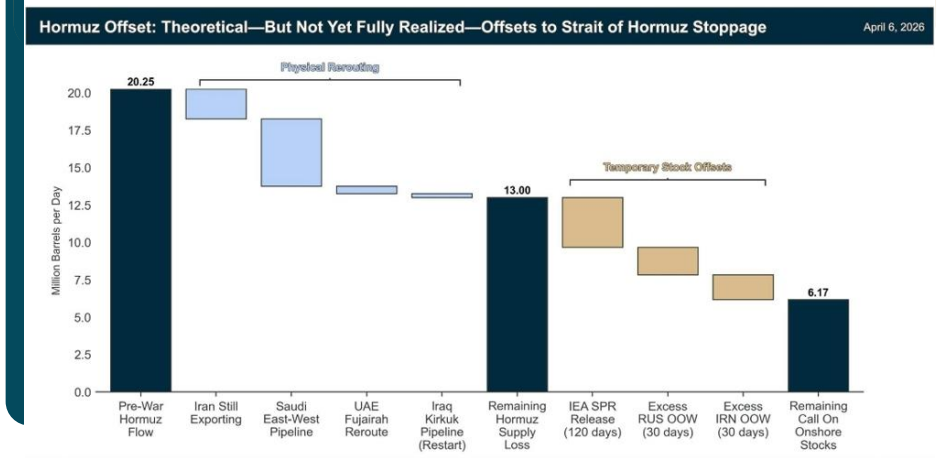
Source: CMIE, Bloomberg, Refinitiv, Media, ASK PW.

Disruptions may take longer to normalise

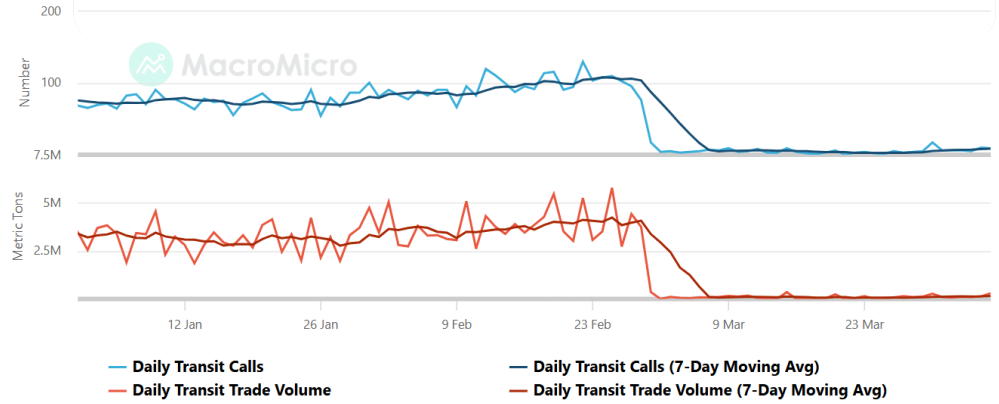
Supply disruptions take time to cool off



Partial mitigation available



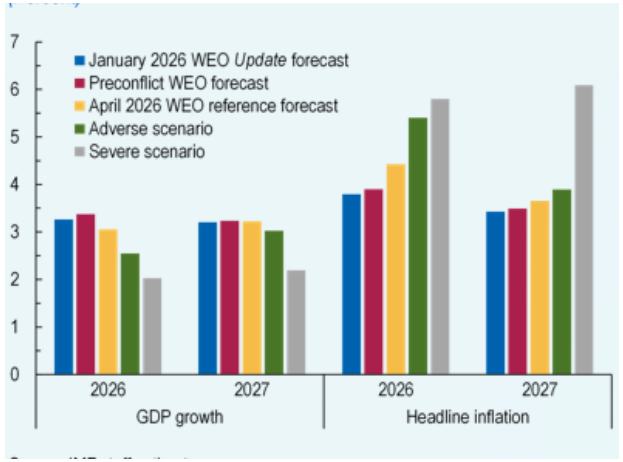
Hormuz far from normalization



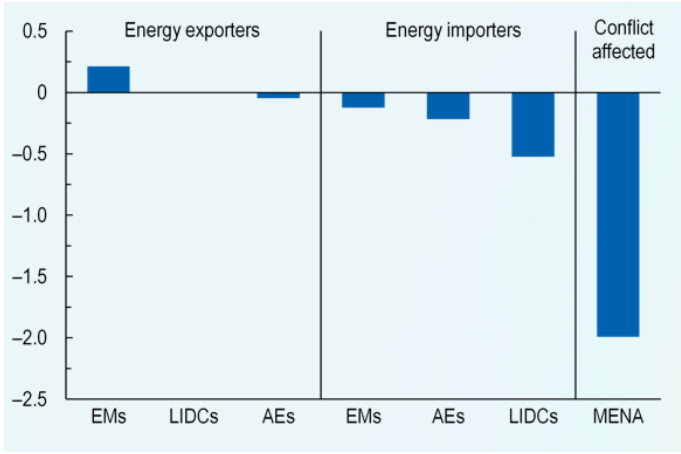
Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

Broader implications – Stagflation risks

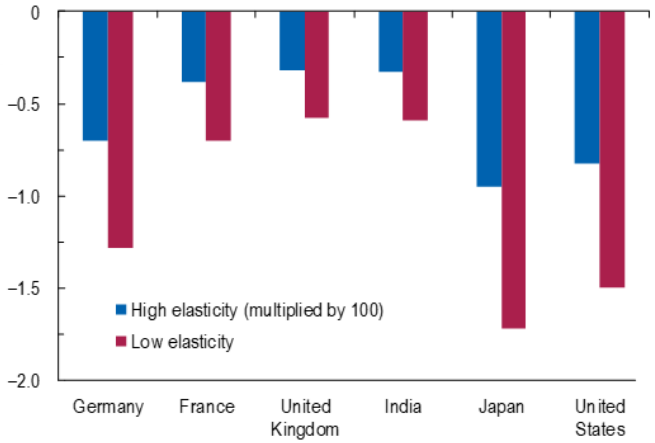
Growth lower, inflation higher



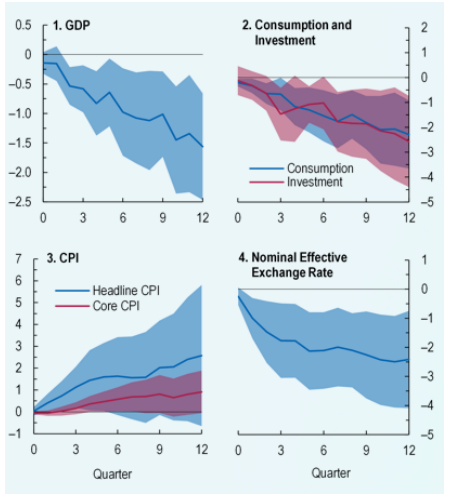
GDP cut more for energy importers



GDP loss from rare earth disruption



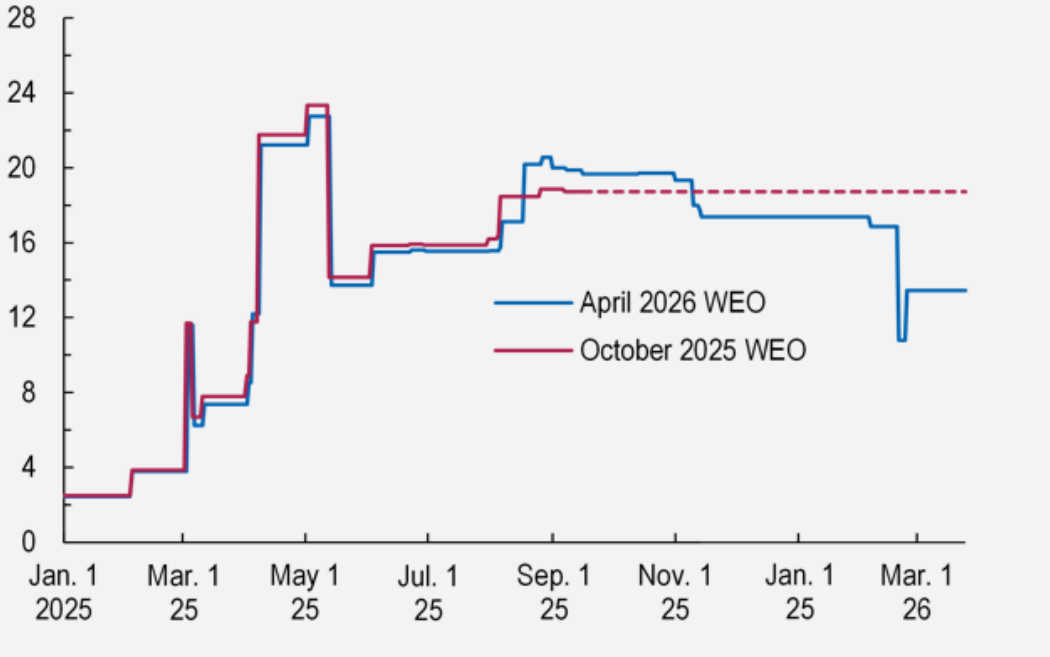
To affect at least four variables



Source: IMF, CMIE, Refinitiv, Bloomberg, ASK PW

Trade war may resume again

US effective statutory tariff rate



Section 301 threats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India rejects US Section 301 allegations, seeks termination; calls for resolution via talks

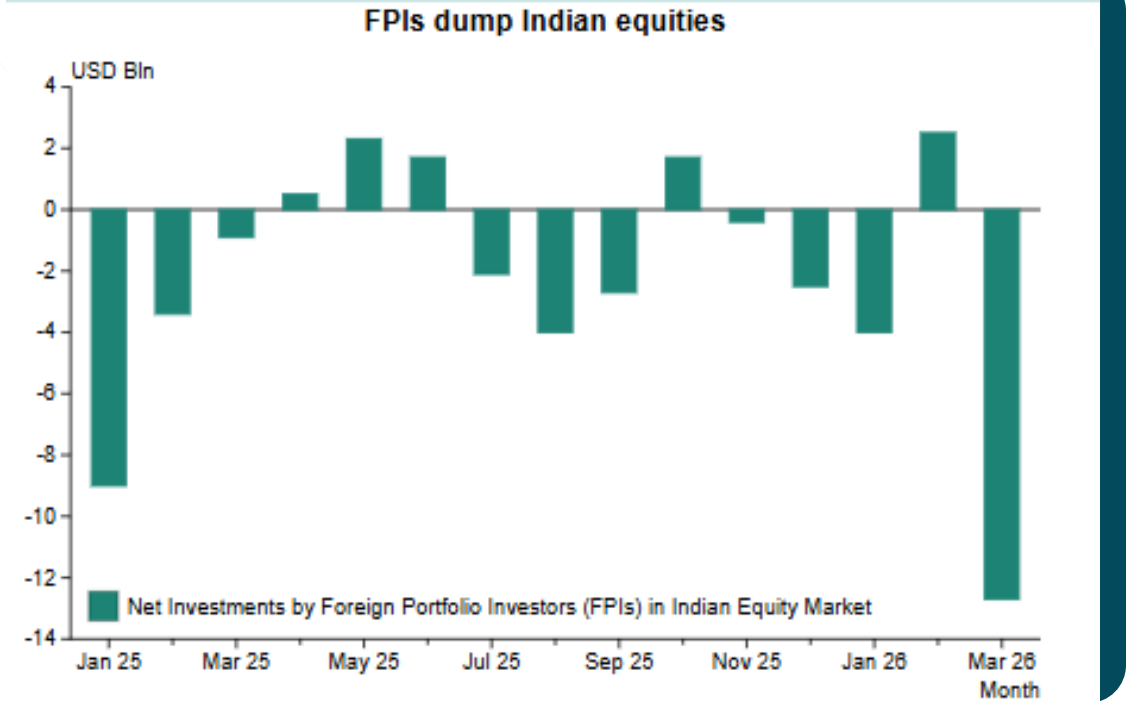
TOI Business Desk / TIMESOFINDIA.COM / Apr 15, 2026, 23:36 IST

Preferred on G Comments Share AA

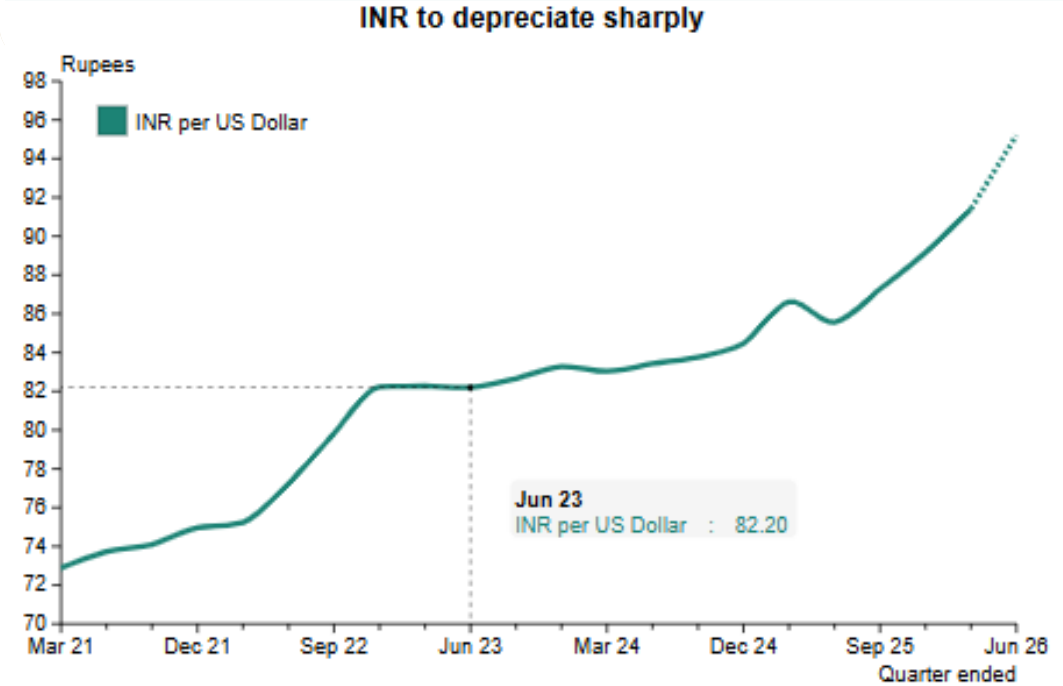
Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

The overhang of FIIs outflows

Heavy selling by FIIs



Weakens INR outlook



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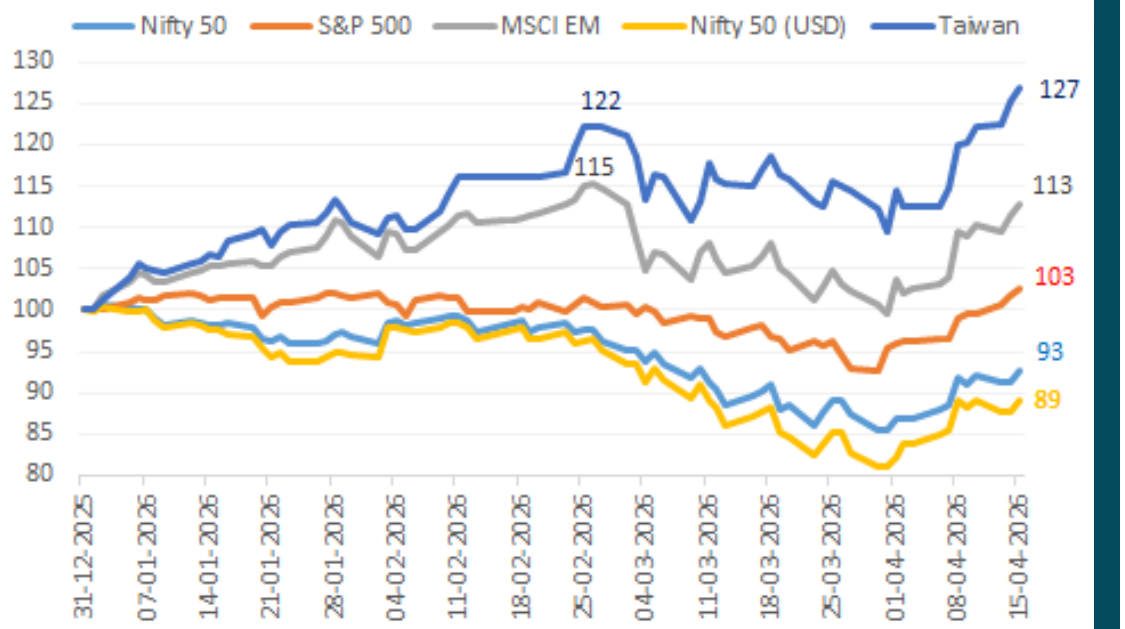
Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

Performance of global markets

AI players withstood the storm better



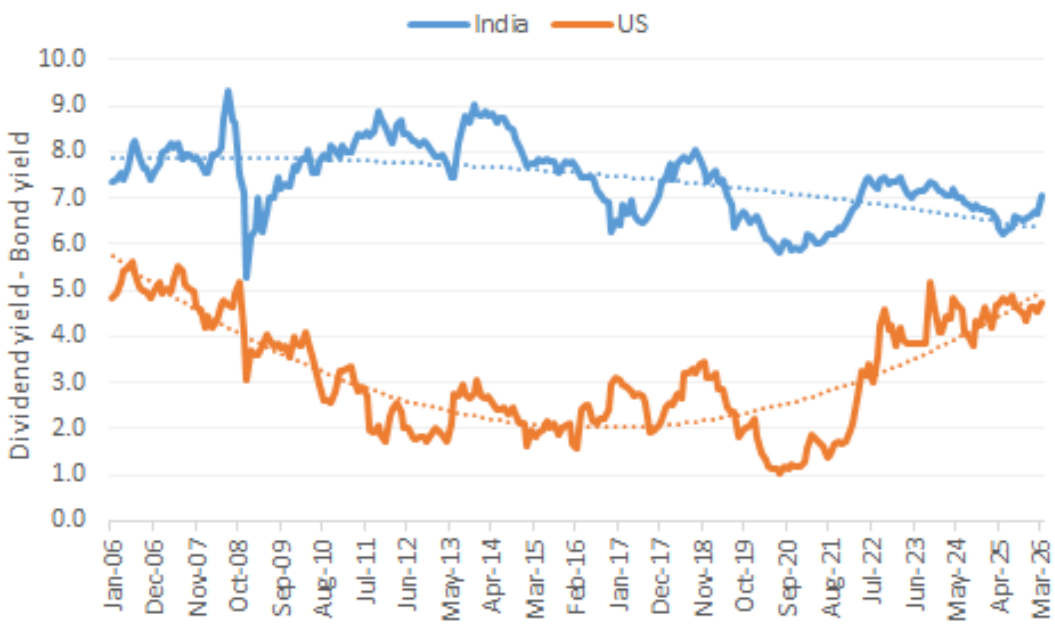
They are favorably placed even now



Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

Relative attractiveness of India vs. others

Resetting of risk-free rates



ERP declining and converging



Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

Need to go global for AI-Tech plays

Region	Strengths	Weaknesses	Future Outlook
US United States	• World leader in advanced chips (NVIDIA, AMD, Intel) • Leads in AI hardware (GPUs, data-center chips) • Strong R&D, top universities, best chip design talent • Dominates chip software tools (EDA: Synopsys, Cadence)	• Very limited domestic manufacturing — relies heavily on Taiwan • Expensive labor & slow factory building • Shortage of skilled technicians	• Massive investments (CHIPS Act) will bring more factories on US soil • Will continue dominating "brain chips" like AI processors • Expected to remain global leader in design, IP, and innovation
CN China	• Huge electronics manufacturing base (phones, PCs, EVs) • Strong in low-to-mid tier chips (power chips, sensors) • Government support & fast execution • Large domestic demand	• Behind in cutting-edge chips (like the most advanced GPUs/CPUs) • Export controls limit access to EUV tools • Depends on foreign chip-making equipment	• Rapid progress in 7nm → 5nm domestic chip production • Strong push for "self-reliance" across the entire supply chain • Expected to dominate mid-range mass-production chips
EU Europe	• Global champion in chip-making equipment (ASML leads EUV machines) • Strong in automotive & industrial chips (Infineon, STMicro) • Good engineering base and stable regulations	• Weak in advanced processor design • Lacks giant semiconductor companies like the US or Asia • Slow decision-making and fragmented markets	• Europe will stay strong in specialty chips (car chips, power chips) • ASML will remain irreplaceable in global chip manufacturing • Unlikely to dominate in AI chips, but vital to global supply chain
JP Japan	• Excellent in materials, chemicals, and equipment (e.g., photoresists, silicon wafers) • Strong in memory and sensors (Kioxia, Sony image sensors) • High manufacturing quality	• Lost leadership in logic processors decades ago • Shrinking semiconductor workforce • Relies on foreign chip designers (US/Europe)	• Japan will remain essential for chip materials — things every chip in the world needs • Big government-backed efforts to revive advanced chipmaking (e.g., Rapidus) • May re-enter advanced manufacturing with partners like IBM

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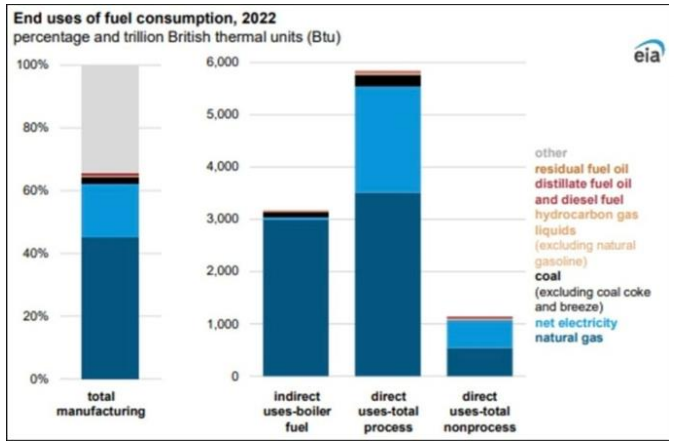
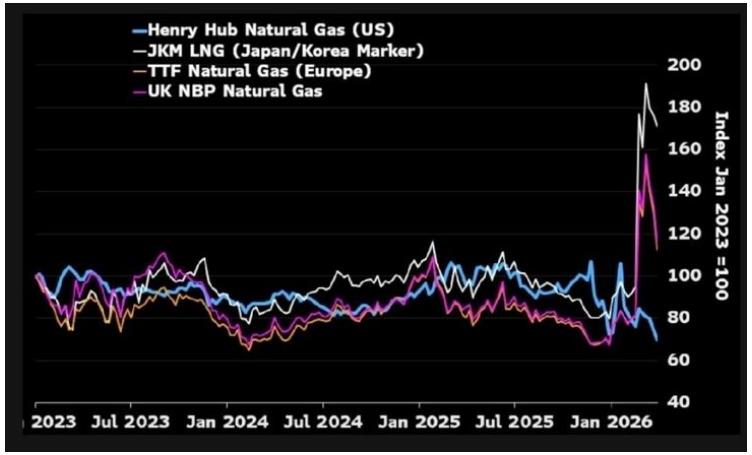
Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW.

US - What works despite high valuation: Domestic capability and innovation

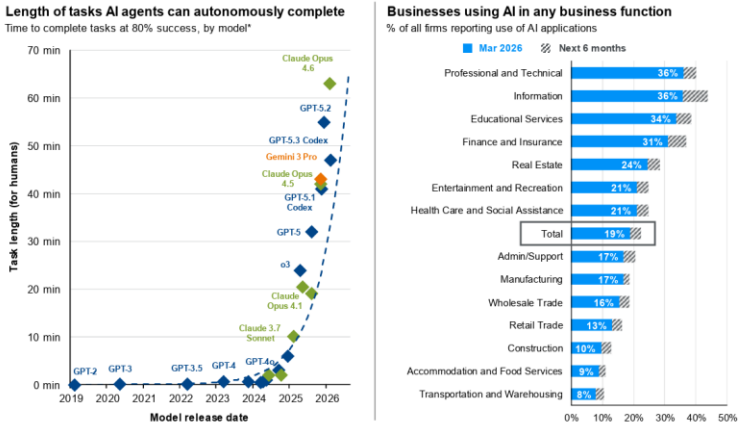
Natural gas for manufacturing



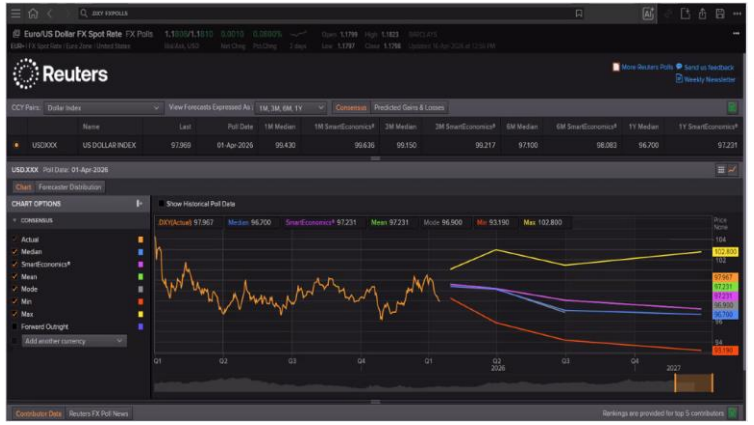
Advantage US



AI absorption is rising across industries



Dollar expected to survive de-dollarization



Source: CMIE, Refinitiv, Bloomberg, ASK PW

Domestic economy and markets

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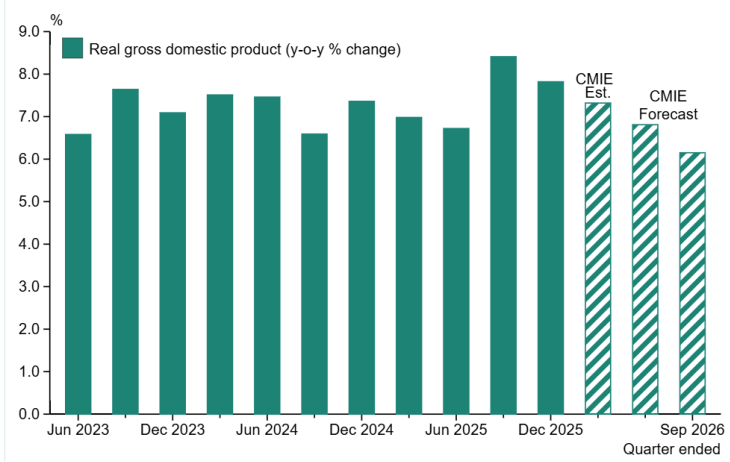
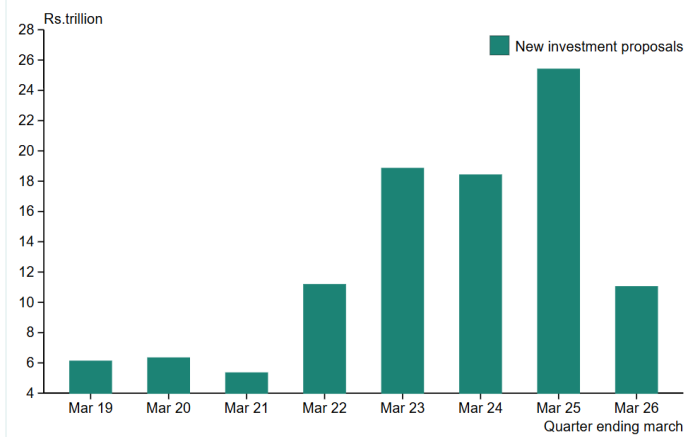
War impact on Indian economy

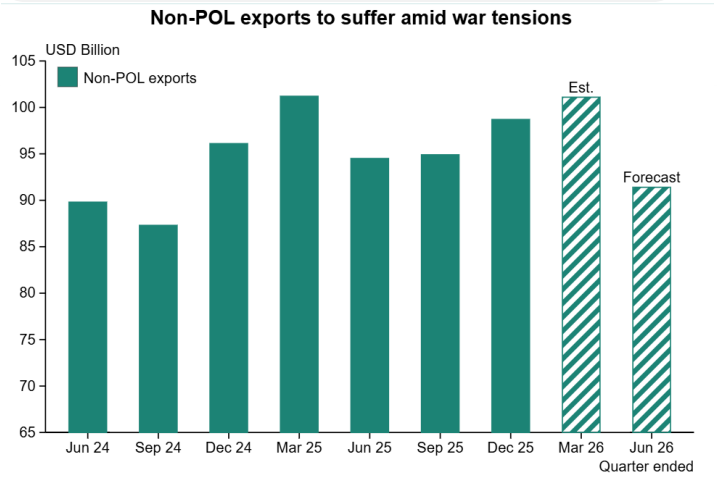
Growth to take a knock



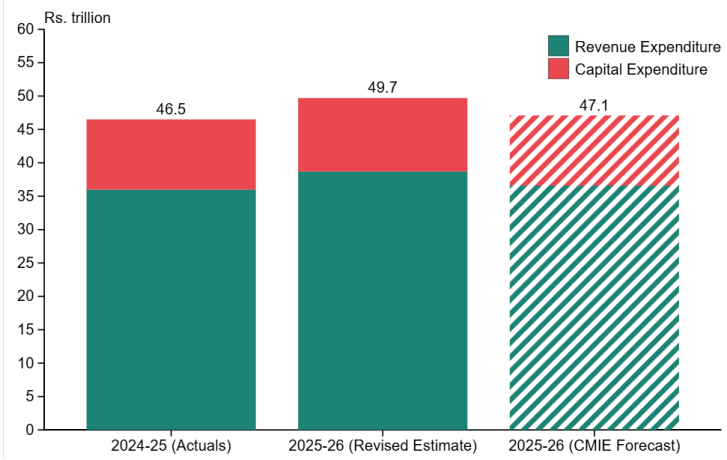
New project announcements impacted



Exports to be impacted

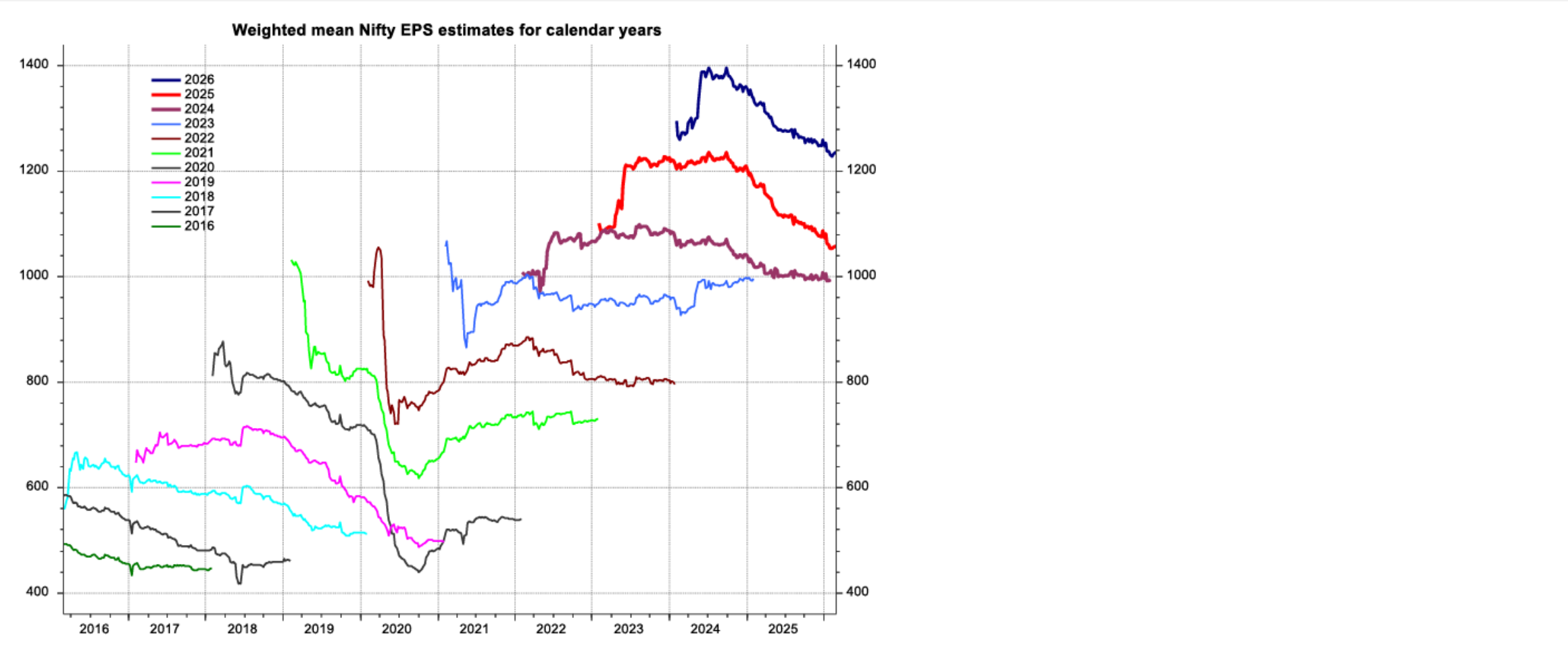


Government expenditure and mix



Source: CMIE, Refinitiv, Bloomberg, ASK PW

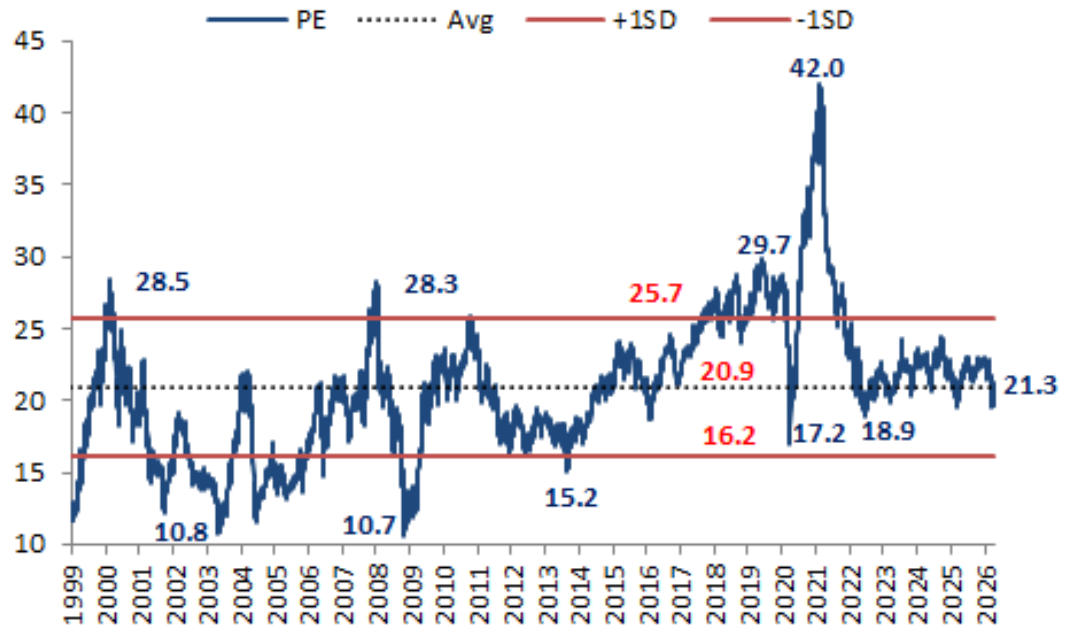
Earnings likely to be impacted



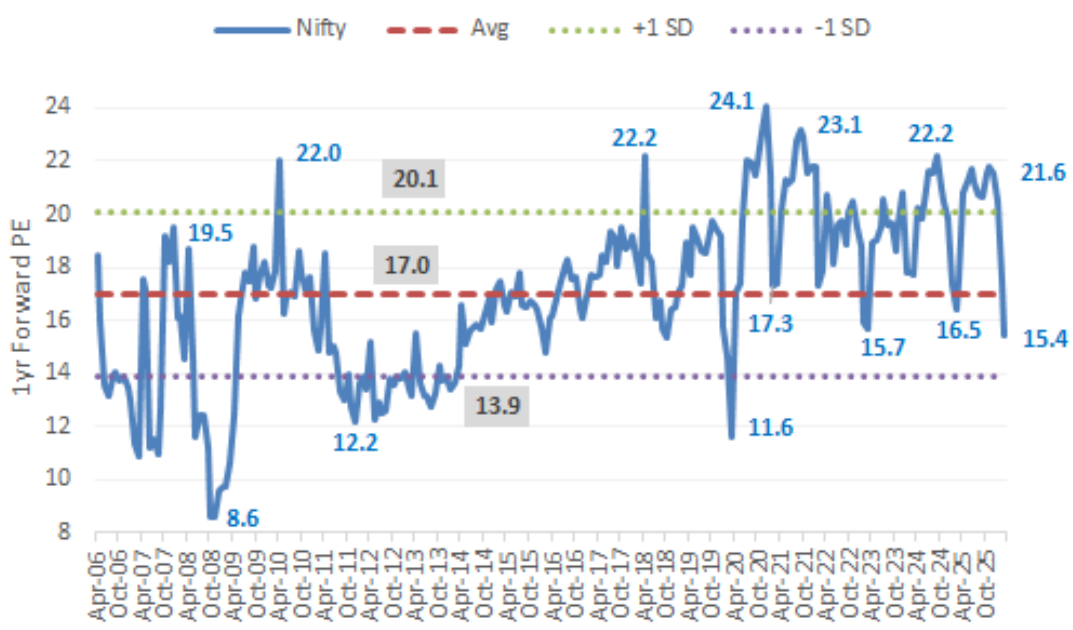
Source: NSE, CMIE, Refinitiv, Bloomberg, Media, ASK PW.

Indian valuations – Down, but no blood on the street yet…

Historical PE



1yr Forward PE



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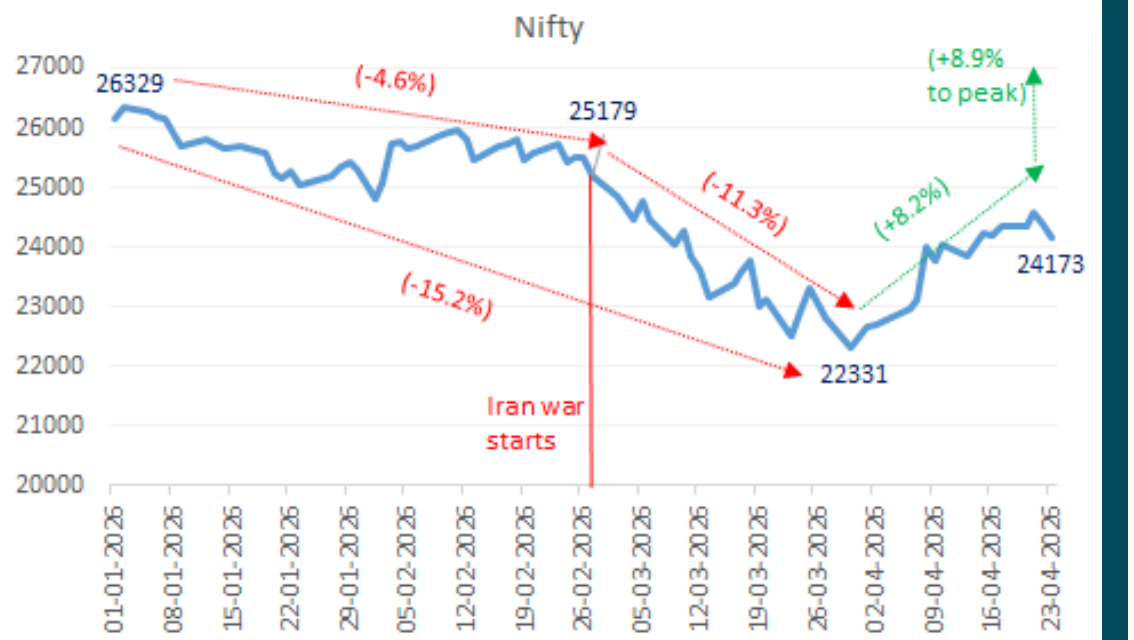
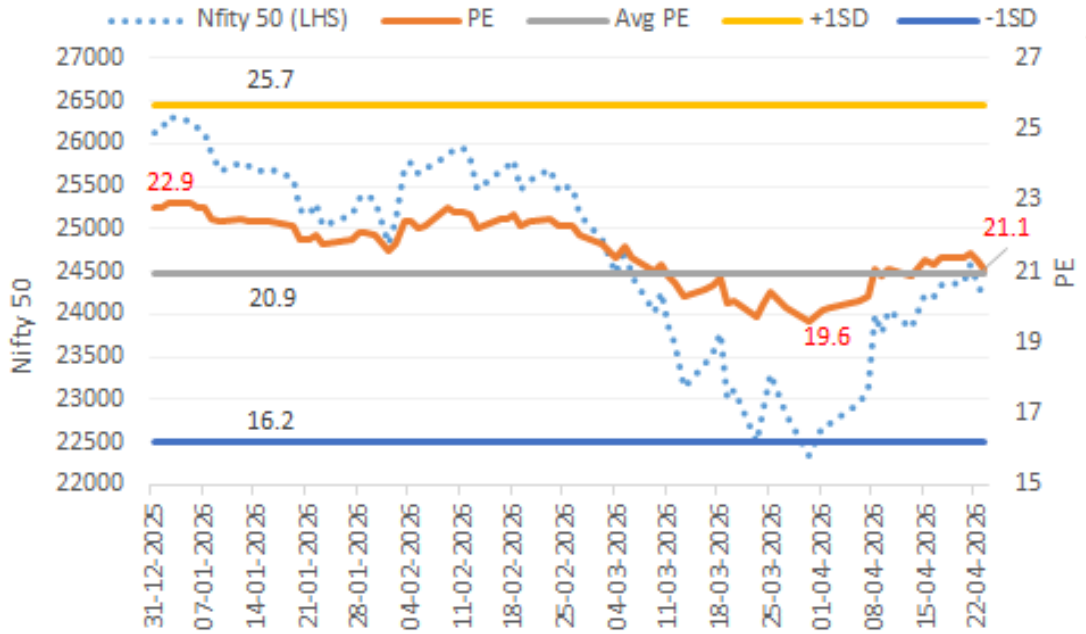
Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

War period – Market movement vs. PE movement

How the market fared in YTD 2026



Index vs. PE



Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

Advantage largecap: Earnings-valuation combo favorable

A. Earnings downgrade more for SMID

	1yr EPS estimate change (%)			1yr Index
	Q12026	Q12027	Q12028	Change (%)
Nifty 50	-4.4	9.9	26.9	4.1
BSE Midcap	5.7	-13.1	-32.7	7.3
BSE Smallcap	-2.8	-13.8	-1.6	2.7
Nifty Midcap	12.0	-1.1	-19.0	12.7
Nifty Smallcap	-2.8	-16.3	-18.8	4.4
Nifty 500	-1	5	17	6

B. PEG favorable for largecap

	PE			EPS growth			PEG		
	F12 Est	Y+1 Est	Y+2 Est	F12 Est	Y+1 Est	Y+2 Est	F12 Est	Y+1 Est	Y+2 Est
Nifty 50	19.2	18.1	15.9	6.0	13.9	16.2	3.0	1.1	0.8
BSE Midcap	27.5	23.2	19.3	18.5	20.3	6.3	1.3	1.0	2.9
BSE Smallcap	23.7	21.6	16.7	9.9	28.9	13.1	2.2	0.6	1.1
Nifty Midcap150	30.3	25.6	20.9	18.3	22.4	8.2	1.4	0.9	2.4
Nifty Smallcap250	27.1	24.5	18.7	10.9	30.9	18.3	2.2	0.6	0.9
Nifty 500	21.1	19.8	17.1	8.7	15.4	12.2	2.3	1.1	1.2

C. Earnings cut; PEG best for largecap

- In the last one year, earnings growth has been cut down; more so for SMID. This has not been accompanied by market correction.
- Thus PE has stayed elevated and would moderate if only earnings follow through. PEG is most favourable for large cap.

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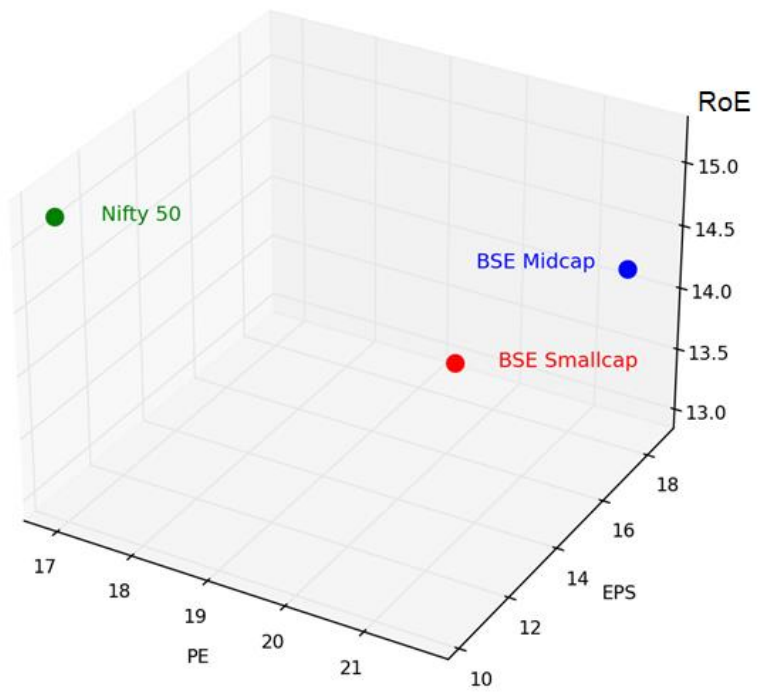
Source: Bloomberg, Refinitiv, ASK PW

Advantage largecap

Favorable trifecta



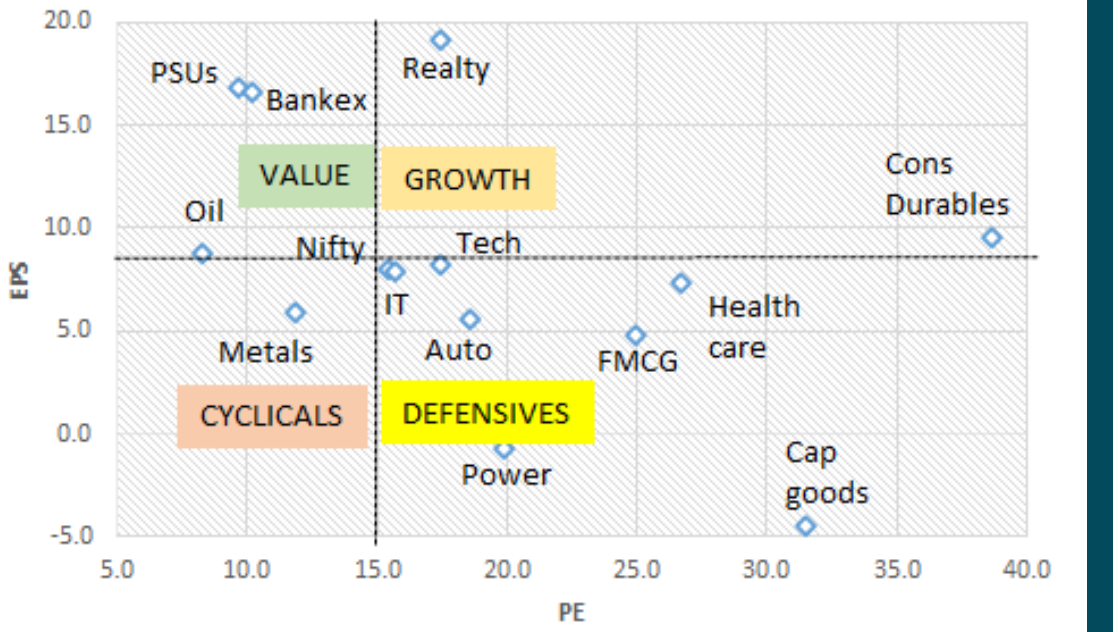
Even of a set of broad parameters

		Largecap	Midcap	Smallcap
1	Price to Earnings	●	●	●
2	Price to Book value	●	●	●
3	Profit Margins	●	●	●
4	Return on Equity	●	●	●
5	Sales	●	●	●
6	Earnings	●	●	●
7	Assets	●	●	●
8	Total debt	●	●	●
9	Book value	●	●	●
10	EV per share	●	●	●
11	Number of Employees	●	●	●
12	Free cash flow	●	●	●
13	Free cash flow yield	●	●	●
14	Net Debt to EBITDA	●	●	●
All		●	●	●

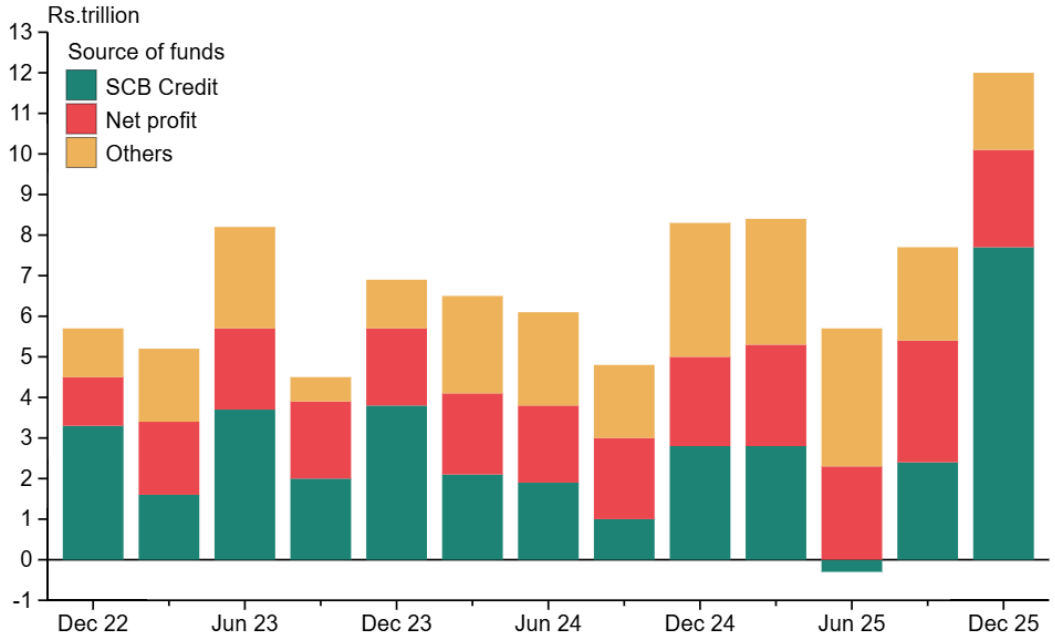
Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

PSUs, Financials still holds maximum potential

PSUs and Financials still hold value



Bank credit growth accelerated



Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

Other asset class performance and outlook

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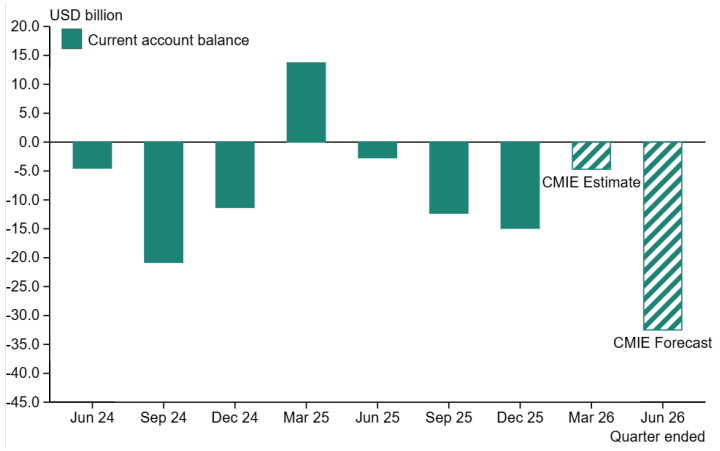
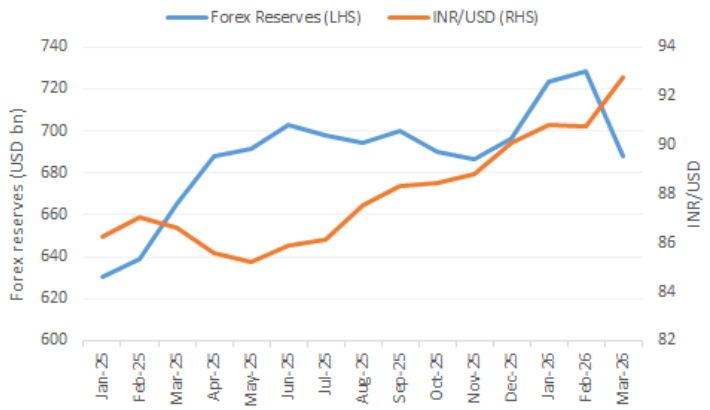
Interest rates – Gordian's knot for RBI…

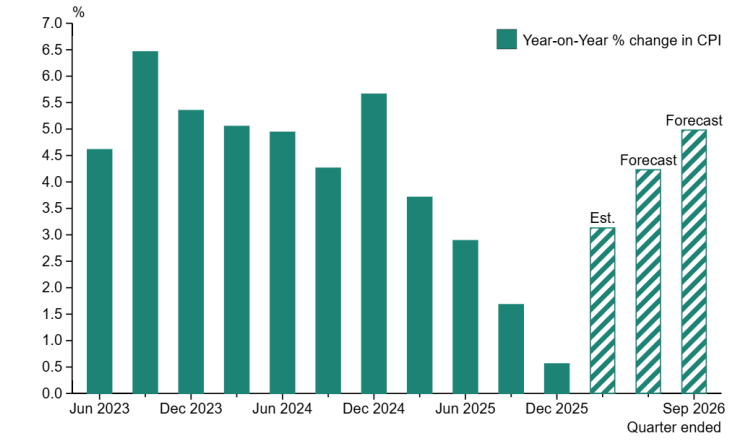
CAD to worsen



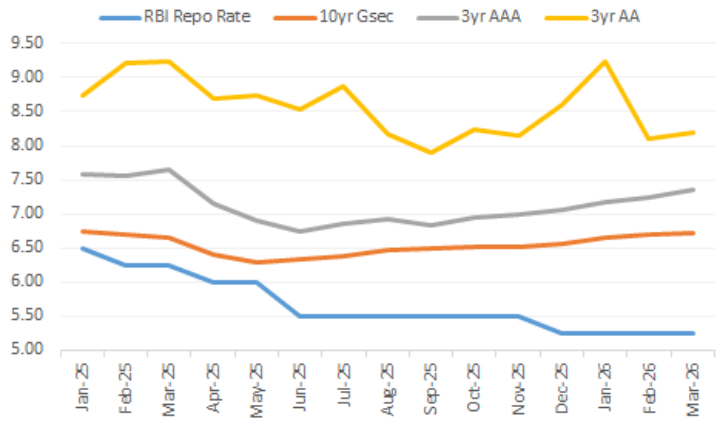
Pressure on reserves and Rupee



Inflation set to rise



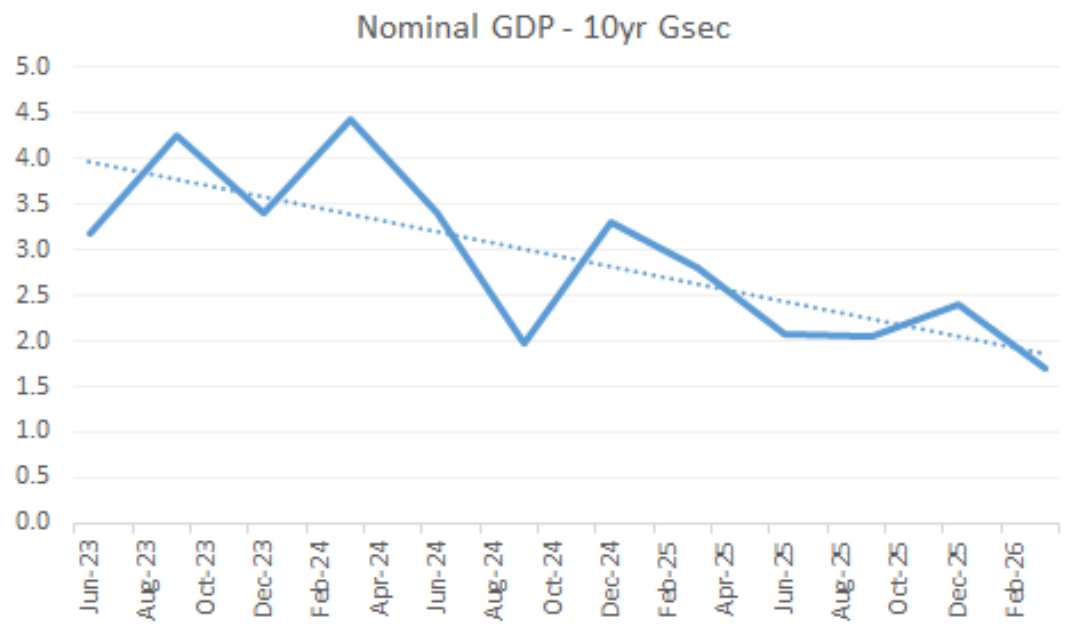
Rates rising despite RBI cut



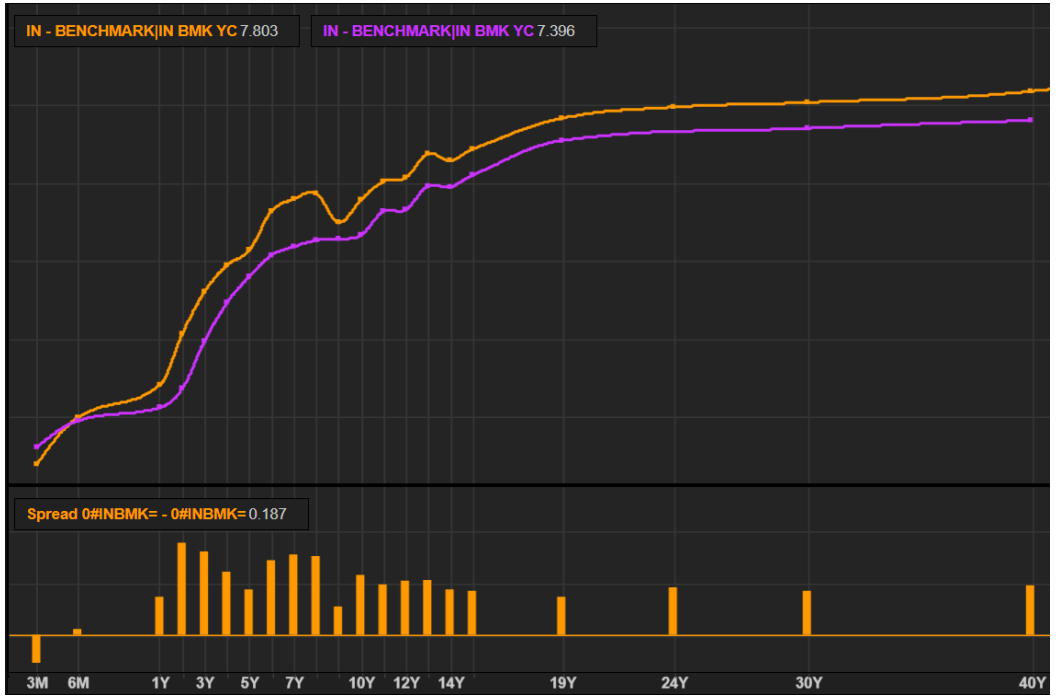
Source: CMIE, Refinitiv, Bloomberg, ASK PW

RBI policy tightrope

Nominal GDP – 10yr Gsec



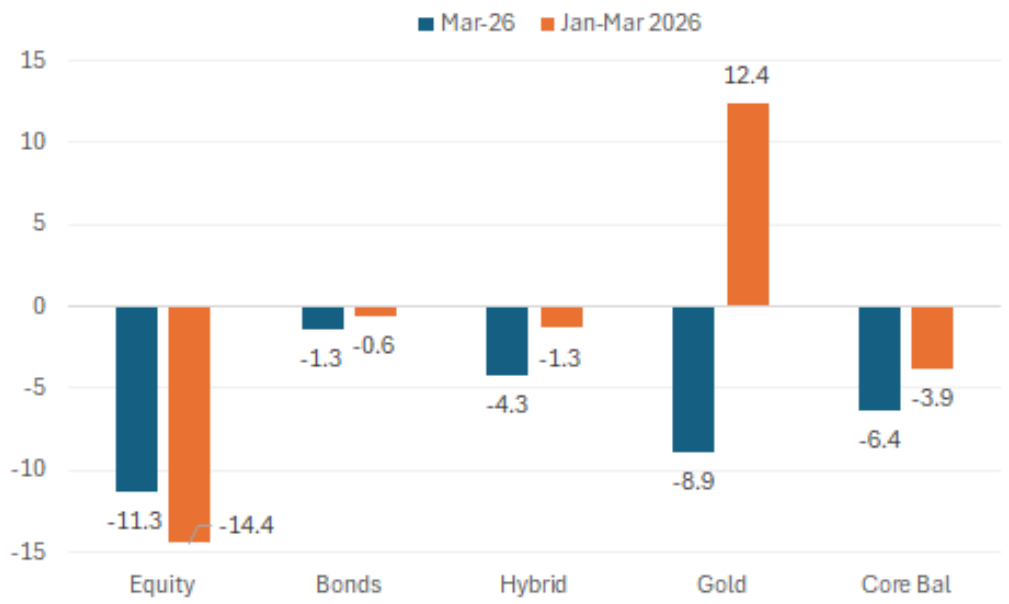
Term structure



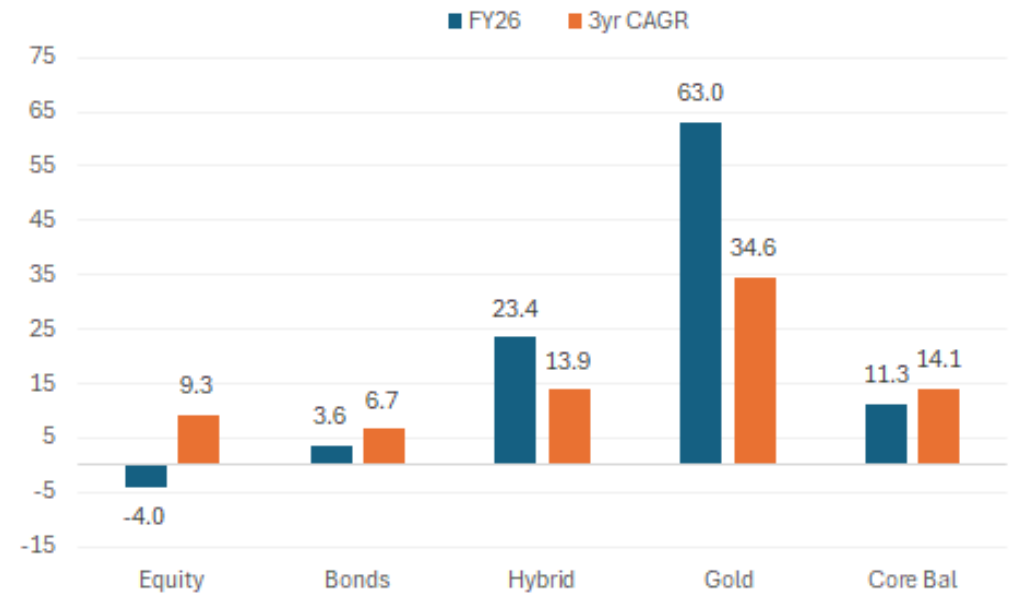
Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

Gold and Hybrids performed better

A. Only gold survived the quarter



B. Hybrids performed relatively better



All asset classes declined during Mar-26 but in varying proportion

During the quarter, Equity fell the most followed by Hybrid and Debt, while gold provided healthy return

REITs/InvITs have emerged as true hybrids providing returns even better than equity during last three years

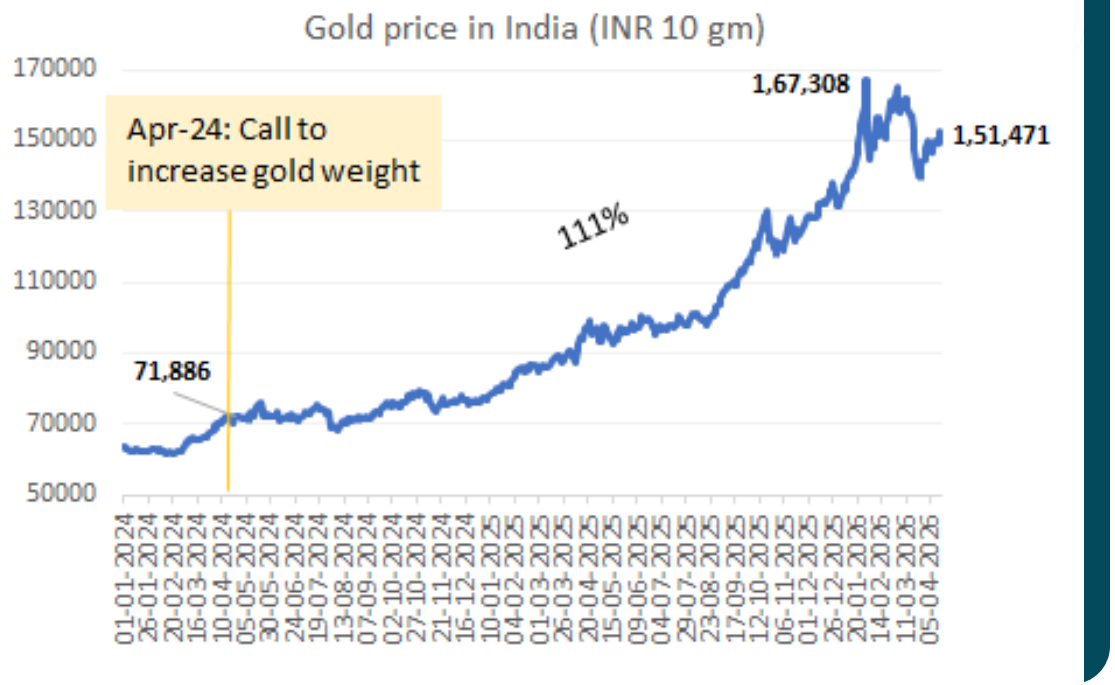
Multi-asset ensures lower drawdown but not absolute return each time

ASK

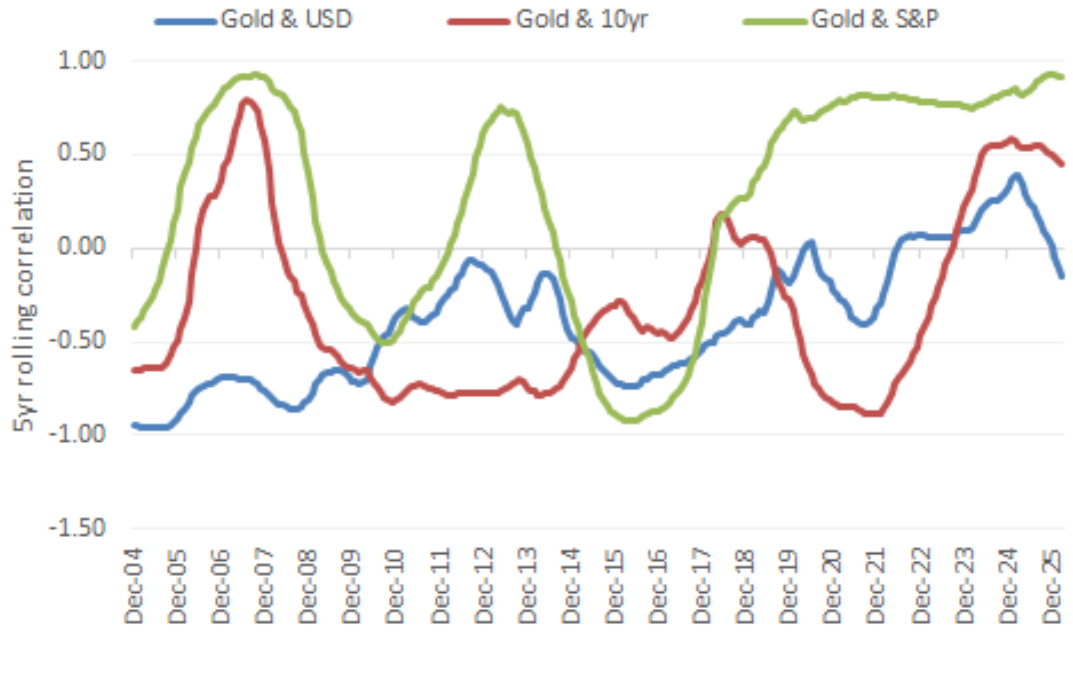
Source: CMIE, Bloomberg, Refinitiv, ASK PW

Gold movement: Volatility and weakening correlation

Gold rally showing signs of fatigue



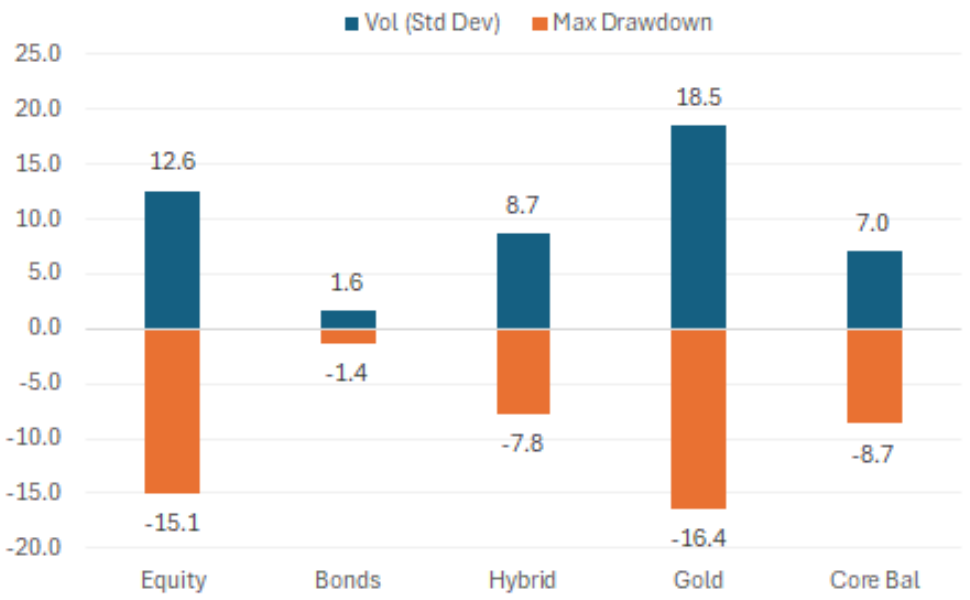
Cyclical correlation



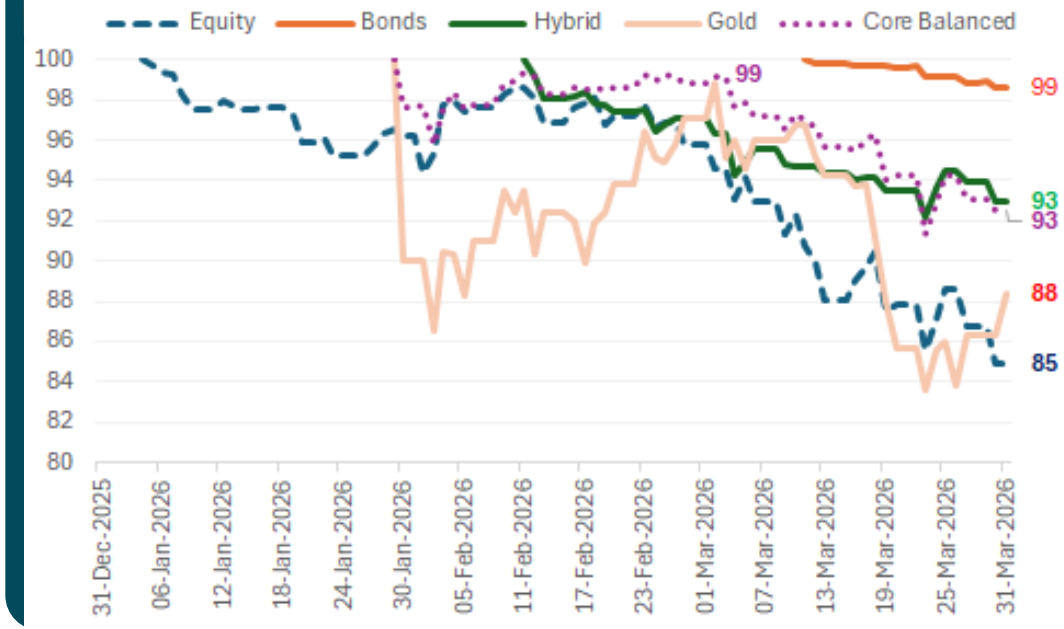
Source: CMIE, Refinitiv, Bloomberg, Media, ASK PW

Risk management requires multi-asset framework!

A. Multi assets lowers risk drastically



B. The journey is smoother and surer



On risk aspects too Core Balanced is better than three of its constituents

Even recent drawdowns are far modest than both equity and gold

Core balance mimics equity return but would outperform during periods of downturn

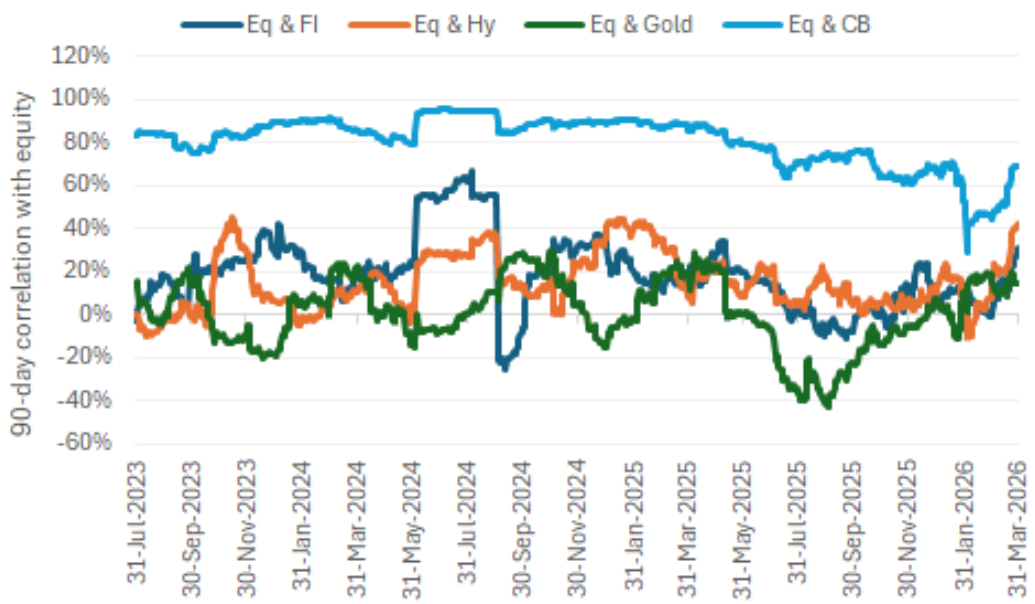
At work: Optimum mix, tactical tilt, macro-orientation, fund selection, disciplined execution, periodic review

ASK

Source: CMIE, Bloomberg, Refinitiv, ASK PW

No perfect correlation – we don't need any

A. Correlations are varying across time



B. Long-term correlation is weak

	Equity	*Bonds*	*Hybrid*	*Gold*	*Core Bal*
Equity	100%				
Bonds	21%	100%			
Hybrid	20%	6%	100%		
Gold	4%	2%	1%	100%	
Core Bal	79%	28%	26%	27%	100%

Significant variation in rolling correlation – even turning negative at times

While they all inched up during last month, its still not high for most asset classes

Long-term correlations are quite low especially for gold

Core balanced has maximum correlation with equity

ASK

Source: CMIE, Bloomberg, Refinitiv, ASK PW

Investments – Hedge for stagflation, hope for low inflation - low growth

TACO – Most Likely Case (80%)		Geopolitical Disruption Case – Sarajevo 1914 (20%)	
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	Thematics – Defence, AI, Largecap	Inflation perking up	Industrial Commodities
	Precious Metals		Thematics – Defence, AI, Largecap
	Select industrial commodities		Oil
	Real Estate, Infrastructure		Real Estate, Infrastructure

Source: ASK PW

Strategy, Stance and Portfolio

ASK

IPC: Asset class views: Stance and allocation

IPC Tactical Stance	Asset Category	IPC Tactical Allocation	IPC Strategic Allocation
N	**Equity**	**47.5%**	**47.5%**
N	**Global**	**7.1%**	**7.1%**
UW	Developed Markets	4.6%	5.0%
OW	Emerging Markets	2.5%	2.1%
N	**Domestic**	**40.4%**	**40.4%**
N	Large Cap	20.2%	20.2%
N	Small / Mid Cap	20.2%	20.2%
UW	**Fixed Income**	**20.5%**	**25.5%**
OW	ST Debt	8.3%	9.4%
UW	LT Debt	10.2%	14.1%
N	Cash	2.0%	2.0%
OW	**Hybrid**	**17.0%**	**12.0%**
N	REITs	8.5%	6.0%
N	InvITs	8.5%	6.0%
N	**Commodity**	**15.0%**	**15.0%**
		100.0%	**100.0%**

Source: ASK PW

Strategy: Stay Neutral on Equity; Stay Neutral on Domestic & Large Cap

1. Nifty 50 is still more than 8.2% lower from its all time high 26329 reached on 2nd January 2026. However, it has also recovered from the Iran war low of 22331 reached on 30th March 2026 by the same percentage (-8.2%). The current level of 24173 on 23rd January is still 8.9% away from all time peak. However, during this period PE correction has been more modest and hovering around long-term average now.

2. While the events surrounding war is still unfolding the supply chain disruptions would take much longer to normalize even if the war ends soon. The spike in energy price would have knock on effect on various macro variables including external balance, INR, inflation, etc. and finally GDP itself by creating bottlenecks in various industries from road to fertilizer to manufacturing apart from sentiments hurting fresh investments.

3. The overhang of tariff related disruptions and continued withdrawal by FIIs are two other major risks faced by the equity market. The relative attractiveness of global markets is bolstered by AI plays and supported by favorable interest rate and currency environment may prevent FIIs to turn their course soon. Weakness in the economy created by sectoral bottlenecks may impact corporate earnings too.

4. **We have retained our neutral weight on equity** during earlier quarter on account of the above factors. We have also stayed neutral between global and domestic allocation. The EM opportunities continue to offer better earnings valuation combo hence we have retained the overweight position in the space.

5. Within domestic, we observe that while various indicators point to improved prospects of large cap, substantial valuation correction at the SMID space resulted in neutral position across market cap.

6. Among the sectors Financials continue to hold best prospects from the standpoint of fundamental indicators. The war has thrown up continued opportunities in select defence, commodities and metals space too.

ASK

Source: ASK PW

Strategy: Stay Underweight on Fixed Income

1. RBI has cut rates by 125 bps during 2025 after raising it rates by 250 bps by Feb-23 and staying at that level for two years. This has been accompanied by a significant infusion of durable liquidity helping bond yields to soften initially.

2. However, since Jun-25 policy when RBI cut rates by 50 bps but unexpectedly changed the policy stance to Neutral from Accommodative earlier, we have seen a reversal of this trend. In the last four policy events inflation forecast has been cut by 200 bps while policy rate has been cut by only 75 bps. Perhaps external volatility has restrained RBI from cutting rates further despite sharp decline in inflation. This has taken real rates closer to the earlier highs of the post inflation targeting era.

3. While the Gsec rates have moved in opposite direction since Jun-25 war has provided a fillip to this reversal with expectation of inflation firming up and INR coming under pressure. Barring the short term which closely follows the cues from policy rates, yield curve has both shifted above as well as steepened. We had called for scaling down of duration on the back of these developments.

4. US FED too has halted its rate cut journey as inflation stays above headline, inflation outlook hardened on tariff measures as well as the war. This has resulted in near collapse of inflation and interest rate differential for India. The prospect on global yields running higher on fiscal strains in the developed market further weighs on the prospect of Fixed Income.

5. In view of the above we have stayed **underweight on Fixed Income**. As we have scaled back on duration strategies we maintain overweight at the shorter end while staying underweight on the longer end.

ASK

Source: ASK PW

Strategy: Stay Overweight on REITs/InvITs: Turn Neutral on Gold

REITs/InvITs:

1. REITs/InvITs have grown rapidly on the back of real estate and infrastructure boom witnessed during the post-Covid period. AUM under the assets now exceed INR 1tn.
2. With 11% projected growth on capex spend till FY30 the sector is poised for further growth.
3. The longer cycles of real vs. financial assets also seem to be at an inflection point.

In view of the above, we have **stayed overweight on REITs/InvITs** on current opportunities and its prospects of higher returns at still discovery stage of the asset class.

Gold:

1. Gold had a stellar run during last two years coinciding with the weakness in the equity market. It has also recovered from intermittent dips based on fundamental factors including purchase from Central Banks, prospect of falling interest rates and strong demand from consumers in China and India joined by ETF demands from the developed countries as also rising geopolitical uncertainties. However, during recent period gold has become fairly volatile putting in question its safe haven status. Its correlation with other asset classes too have either weakened or reversed int their direction. Moreover, a clear cyclical pattern in these sets of correlation is observed, reducing their reliability as future gold price predictor.
2. We have therefore turned neutral on gold tactically.

ASK

Source: ASK PW

Harmony multi-asset performance

No.	Investment Approach Name	1M	3M	6M	1Yr	2Yr	3Yr	SI	SI (BM)	D/o Inception
	Multi-Asset									
1	ASK Wealth Core Aggressive (80%Equity)	-8.7%	-8.7%	-5.3%	3.7%	5.5%	12.4%	11.4%	9.4%	06-May-22
2	ASK Wealth Core Balanced (45% Equity)	-6.4%	-3.9%	0.3%	11.3%	11.6%	14.3%	13.9%	10.4%	30-Jan-23
3	ASKWA Harmony Conservative (15% Equity)	-2.8%	0.5%	4.2%	12.5%	11.6%	11.6%	7.6%	9.8%	21-May-21
	BM: NSE Multi Asset Index I (50% Equity)	-5.9%	-6.4%	-3.2%	3.8%	5.6%	11.3%			

Note: Data pertain to TWRR return data with March 2026 as the most recent data period.

Source: ASK PW.

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