

Sector Rotation?

Global Markets Weekly Kickstart

31 March 2025

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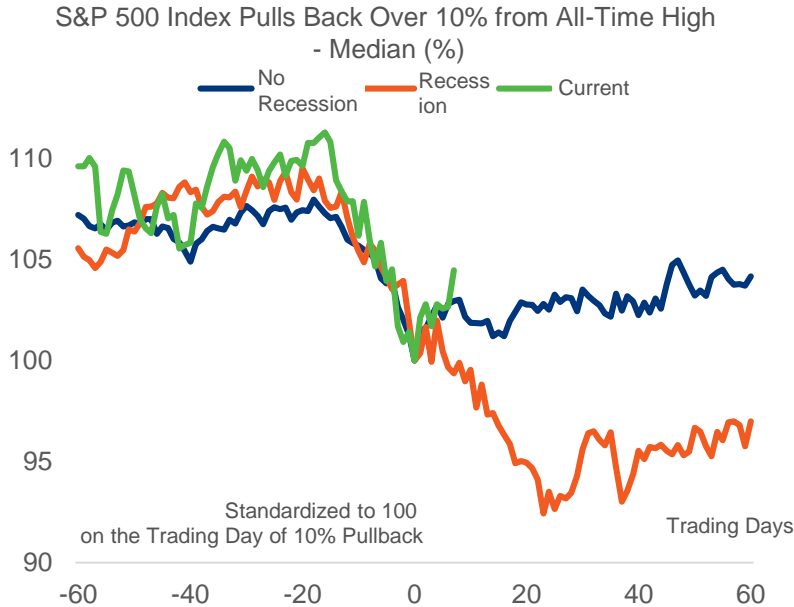
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Selection of HK, U.S., Taiwan Equities, Bonds and Funds/ETFs

U.S. Stocks Pull Back from Record Highs, But No Panic; Range-Bound Trading Expected

- ▶ The combination of an escalating trade war, slowing economic growth, and rising inflation expectations has triggered a pullback in U.S. stocks, which were previously trading at elevated valuations. Since hitting a record high in mid-February, the S&P 500 corrected nearly 10% before rebounding. Based on historical trends, the market's next move will largely depend on whether a recession materializes. If a recession occurs, the stock market's decline could intensify.
- ▶ The VIX index has quickly retreated from its recent high of 27.8 to around 17.5, indicating that the market has not entered into a panic phase. Meanwhile, household and nonprofit equity holdings remain near historical highs. These factors differ from past instances of significant market downturns. As a result, actual market performance may not align with the pessimistic outlook reflected in the AAll retail investor sentiment index.
- ▶ The likelihood of a U.S. recession remains low, but an economic slowdown is more probable. Additionally, Trump is unlikely to reverse tariff policies. While overall corporate earnings for U.S. stocks are still expected to grow, the slowing pace of growth traditionally weighs on valuations. Even after a valuation pullback, the S&P 500's forward P/E ratio remains above the historical average. With a lack of clear catalysts, the market may trend toward range-bound trading. Strategically, we favor defensive strategies and sectors with resilience.

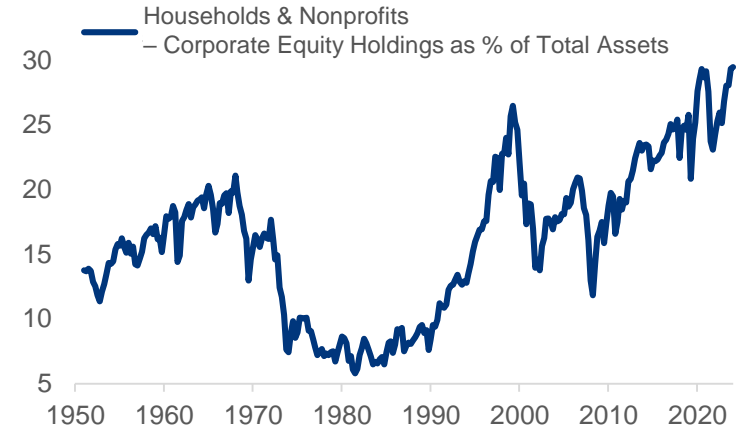
U.S. Market Performance After Pullback Depends on Recession Risks



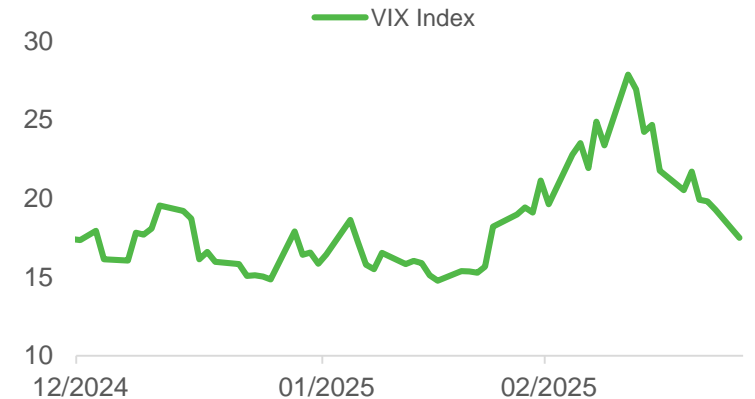
Since 1928
S&P 500 Daily Price Changes Within 60 Trading Days After a 10% Pullback

Defined by NBER	Freq.	Minimum	Average	Median	Maximum
No Recession	19	-17.7%	3.3%	4.2%	15.0%
Recession	6	-25.0%	-5.5%	-3.0%	2.3%

Household & Nonprofit Equity Holdings Near Historical Highs



No Signs of Market Panic



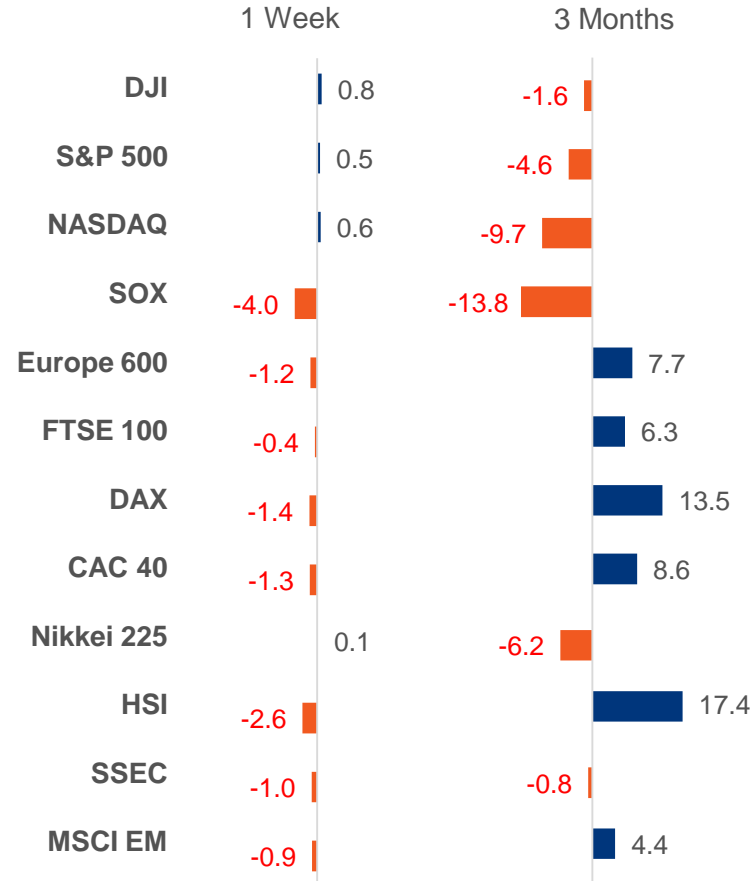
Source: Bloomberg, FRED; Recessions Defined by NBER

Market Recap

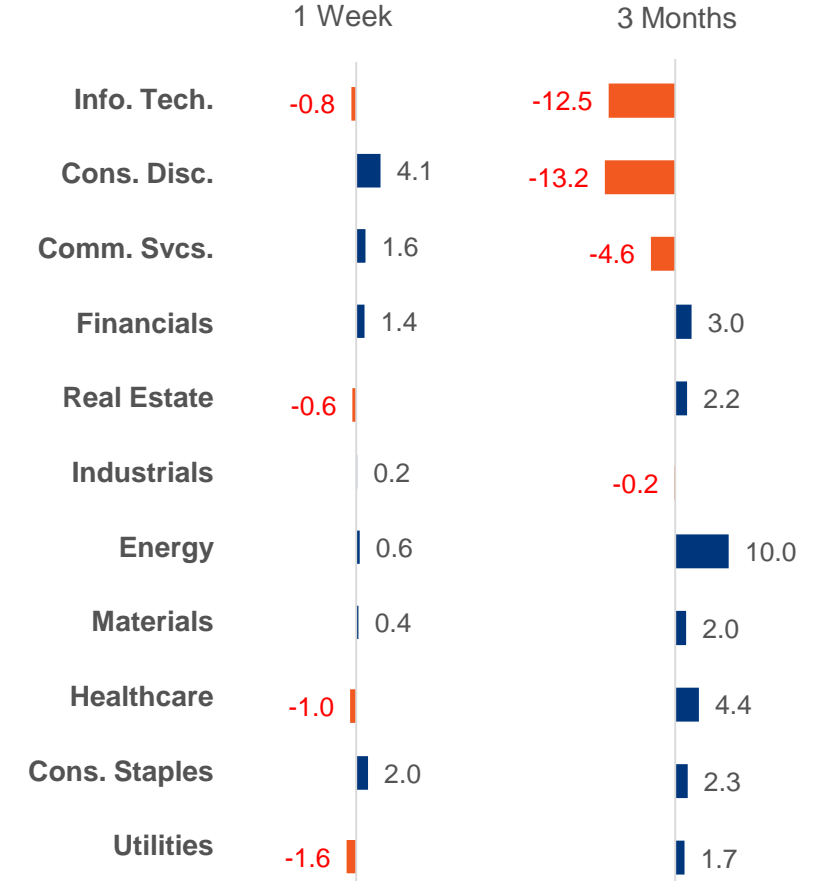
U.S. to Impose Tariffs on Non-American Cars; Trade War Escalates, Markets Stay Flat

- Uncertainty over trade policies has kept the three major U.S. stock indexes relatively flat. Trump announced a 25% tariff on all non-American-made cars, a permanent measure that continues to weigh on market sentiment.
- The U.S. Composite PMI (preliminary) rose to 53.5 in March, up from 51.6 in February. The primary driver was the Services PMI, which climbed from 51.0 to 54.3. However, the Manufacturing PMI slipped from 52.7 to 49.8, ending a two-month expansion and returning to contraction territory. Despite the composite rebound, business sentiment dipped—largely due to concerns over Trump’s proposed tariffs and significant spending cuts—with the business confidence index falling to its second-lowest level since 2022.
- Following the announcement of new auto tariffs, Jeep maker Stellantis saw its shares drop over 4%. Porsche, BMW, and Mercedes-Benz each declined more than 2%. Tesla shares initially jumped 7%, but later gave back part of the gains—though the stock remained relatively stable compared to its peers. Meanwhile, NVIDIA and semiconductor stocks retreated amid export restrictions and policy uncertainties from China, weighing on the broader tech sector and the Philadelphia Semiconductor Index.

Major Stock Indices Performance by Region (%)



US Stock Performance by Sector (%)

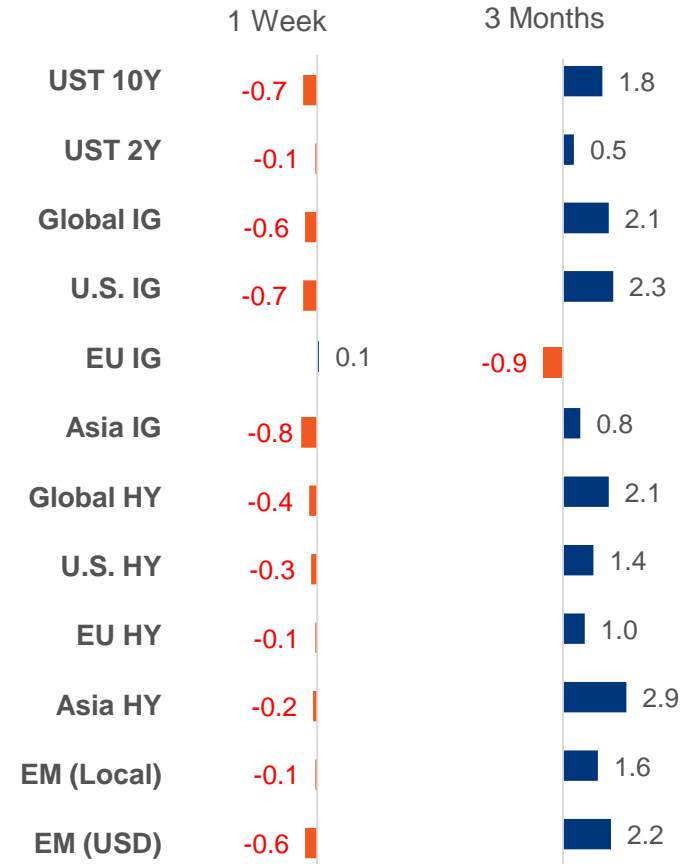


Source: Bloomberg, 27 Mar. 2025

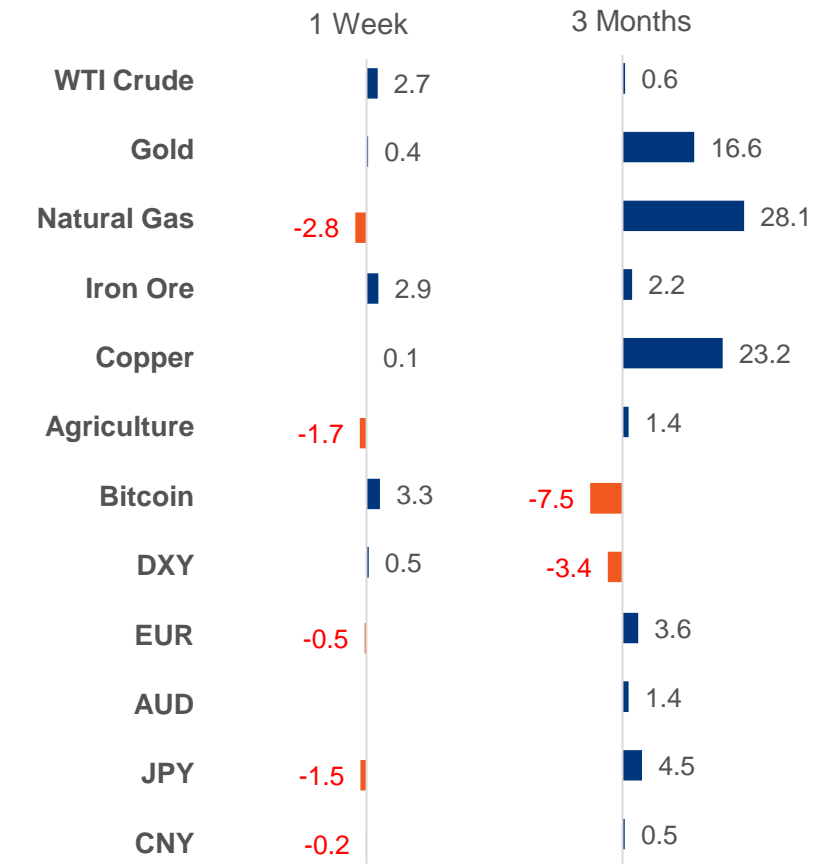
U.S. Raises Q4 Final GDP Estimate; Bond Yields Rise Broadly; Gold Prices Firm

- ▶ Several Fed officials have indicated that there is no urgency to adjust interest rates in the near term. While the labor market is showing signs of stabilizing, inflation remains above target levels. Additionally, the newly announced tariff policy could further intensify inflationary pressures. For now, the projected rate path remains on course without major changes.
- ▶ The U.S. revised its Q4 2024 final GDP annualized quarterly growth rate upward from 2.3% to 2.4%, defying market expectations for no change. The revision was primarily driven by stronger net export contributions. With economic performance slightly beating forecasts, long-term Treasury yields broadly climbed over the past week, while bond prices declined.
- ▶ Signs of escalating trade tensions have boosted demand for safe-haven assets, lifting gold prices. June New York gold futures broke above \$3,100 for the first time. Meanwhile, U.S. crude inventory data showed tighter supply conditions, with a drawdown of 3.3 million barrels—well above the expected decrease of 956,000 barrels—providing support to oil prices. However, we believe the broader supply glut remains unresolved, and trade-related disruptions to the global economy limit the upside potential for oil.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



Source: Bloomberg, 27 Mar. 2025

What's Trending

DOGE Layoff Plan Offers Limited Impact; Deficit Reduction Gains Likely Modest

- ▶ Last week, we noted that the Department of Government Efficiency (DOGE)'s layoff initiative is unlikely to have a significant nationwide effect. According to Bloomberg analysts, as of the end of February, DOGE had eliminated 97,000 positions. Including affected contract roles, the total reached 256,000 jobs—roughly 0.2% of the labor force. Analysts project total job cuts for the year may reach 535,000, about 0.3% of the workforce. If the private sector fails to fully absorb these displaced workers, the unemployment rate could rise to 4.4–4.5% by year-end based on six-month average trends.
- ▶ The U.S. labor market is currently trending toward equilibrium. Job switchers no longer enjoy a wage growth premium—in fact, their wage increases now lag behind those who stay in their roles. With DOGE's layoffs likely to boost labor supply, wage growth may decelerate, potentially easing inflation and contributing to an overall economic cooling.
- ▶ Based on data from the Office of Personnel Management (OPM), the average annual salary for federal employees is approximately \$106,000. Assuming the layoffs proceed as planned and that the average salary of affected positions aligns with the overall average, the wage savings from the projected 535,000 job cuts would amount to only about 1% of last year's total government spending and around 3% of the federal deficit. As such, the impact on deficit reduction is expected to be limited.

Source: Bloomberg, FRED, Office of Personnel Management

DOGE Layoffs May Increase Unemployment Rate

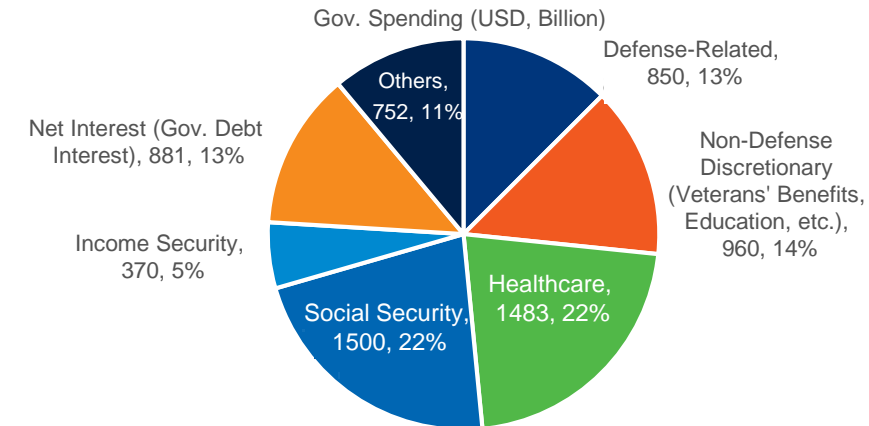
Bloomberg's Projected Impact on Unemployment Rate

Estimated Job Cuts as of End-February	256,000
As a Percentage of Labor Force	0.2%
Projected Annual Job Cuts	535,000
As a Percentage of Labor Force	0.3%
Average Unemployment Rate Over the Past Six Months	4.1%
Expected Year-End Unemployment Rate Considering DOGE Layoffs	4.4%

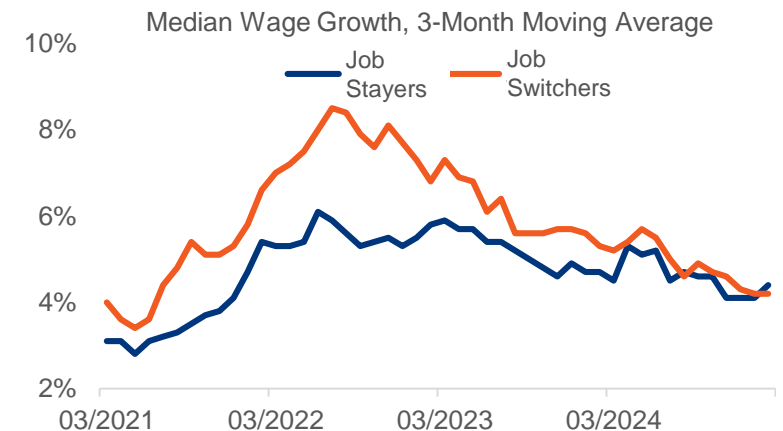
Layoff Plans vs. Government Spending

Average Federal Employee Salary (USD)	106,000
Expected Cost Savings (USD, Billion)	57
Relative to 2024 Government Spending	0.8%
Relative to 2024 Government Deficit	3.1%

Plan Offers Limited Help in Reducing Deficit



U.S. Labor Market Trending Toward Equilibrium

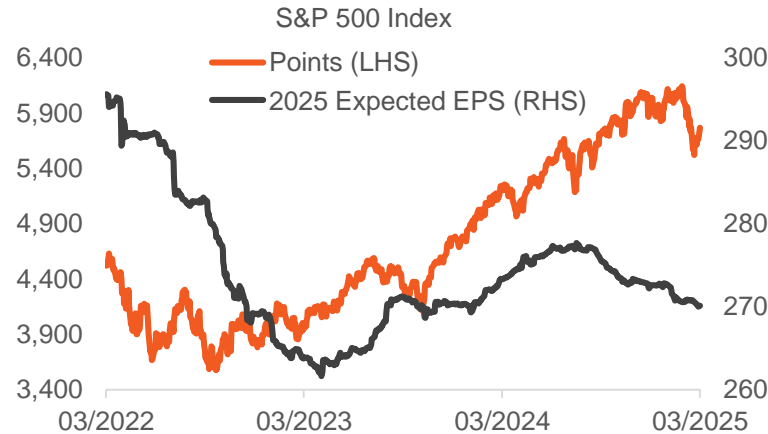


Recent Sector Rotation Narrows Growth Stock Outperformance

- Typically, value stocks are characterized by lower price-to-book (P/B) and price-to-earnings (P/E) ratios compared to growth stocks. They often offer higher and more stable dividend yields, operate more resilient businesses, and are expected by the market to grow at a slower pace. Value stocks tend to represent mature companies with steady revenue streams and have higher representation in sectors like financials, healthcare, and industrials relative to the broader index. During periods of economic slowdown or market downturns, value stocks generally exhibit more stable performance. Their beta values are typically below 1, meaning they are less volatile than the overall market, with both upside and downside capture ratios also under 1.
- The technology and AI-related companies that previously drove the U.S. equity rally fall under the growth stock category. These firms now dominate major U.S. stock indices, with some large-cap growth indices holding almost identical top constituents as broader benchmarks. Growth stocks typically trade at high valuations, reflecting elevated market expectations. While earnings forecasts have improved recently, any downward revisions can weigh heavily on valuations and share prices—particularly as earnings growth among tech-related firms is starting to converge with that of the broader index. Since the start of the year, a sector rotation has emerged, with lower-valuation value stocks outperforming growth stocks.

Source: Bloomberg, FTSE Russell, January 1979 – December 2019

U.S. Earnings Forecasts Revised Lower

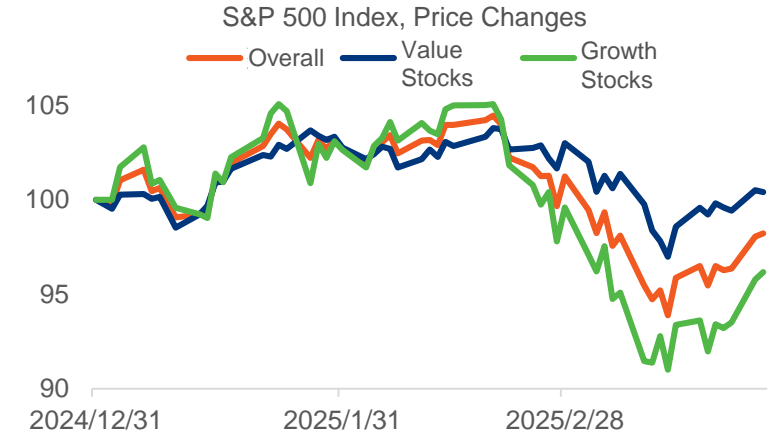


Growth Stocks Now Dominate Major U.S. Benchmarks

Russell 1000 Index Major Components (%)

	Value		Overall		Growth
Berkshire Hathaway	3.6	Apple	6.4	Apple	12.0
JPMorgan	2.8	Microsoft	5.4	Microsoft	10.3
Exxon	1.9	Nvidia	5.1	Nvidia	9.7
Walmart	1.7	Amazon	3.6	Amazon	6.8
United Health	1.6	Meta	2.6	Meta	5.0

Growth Stock Advantage Narrows as Value Stocks Outperform



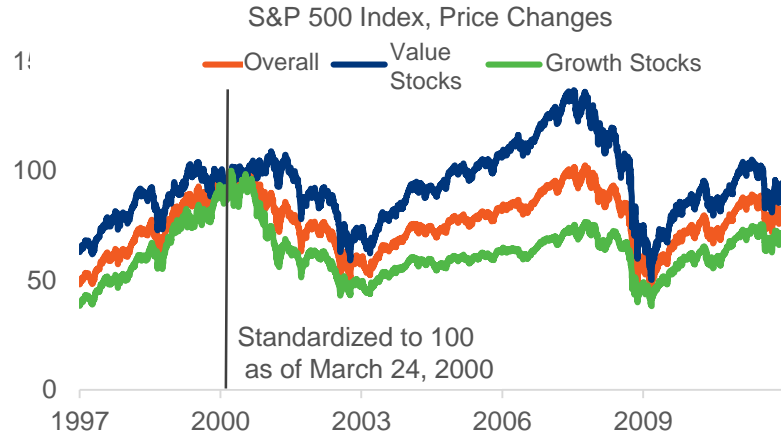
Value Stocks Offer Lower Volatility, Beta Below 1

	Russell 1000 Growth Stocks	Russell 1000 Value Stocks
Upside Capture Ratio	1.06	0.94
Downside Capture Ratio	1.11	0.89
Beta	1.09	0.92

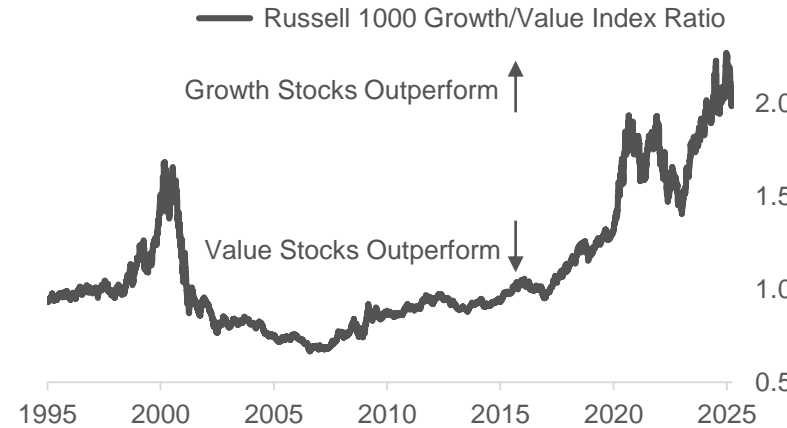
Is the U.S. Market Repeating the Dot-Com Bubble? Balancing Value and Growth Stocks

- ▶ Value stocks have shown some improvement, but the price gap between growth and value remains near historic highs, even exceeding levels seen during the dot-com era. Looking back at the dot-com crash of the 2000s, U.S. equities entered a "lost decade," with the Russell 1000 Index only recovering to previous highs before the 2008 financial crisis. During this period, value stocks outperformed for nearly eight years.
- ▶ Some market participants worry that U.S. stocks may be repeating the trajectory of the dot-com bubble in the 2000s. However, today's tech-related companies have more solid earnings support, and valuation disparities are not as extreme as they were during the dot-com era.
- ▶ Given this backdrop, investors do not need to fully shift to value stocks, but the dominance of growth stocks is gradually narrowing. In terms of portfolio allocation, value stock strategies can complement traditional index ETFs and growth-focused U.S. equity funds. For example, investors may consider reallocating some profits from U.S. equities into value stocks. Additionally, for those already holding U.S. equity positions, new capital could be directed toward value stock allocations.

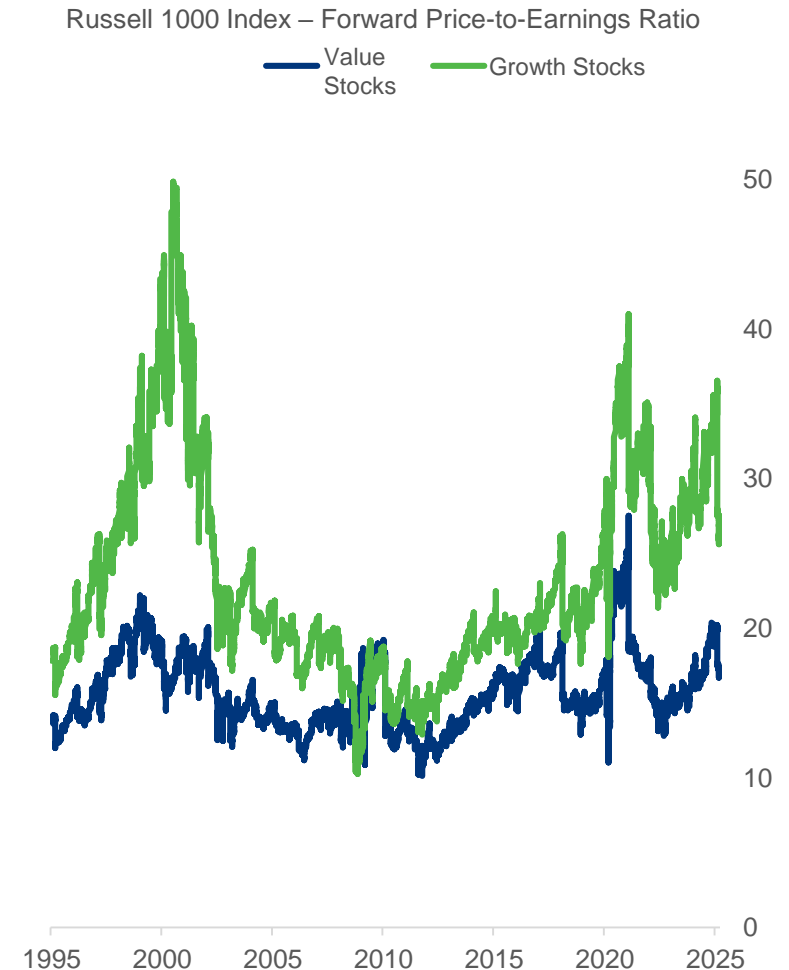
After the Dot-Com Crash, Value Stocks Outperformed for Nearly 8 Years



The Valuation Gap Between Growth and Value Approaches Historic Highs



Current Valuation Divergence Still Below Dot-com Bubble Levels



Source: Bloomberg

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ Trump's tariff measures have heightened political and economic uncertainty. Nonetheless, Fed has maintained its forecast of two rate cuts in 2025. Some officials have expressed concerns over the trade war, but tariffs have not yet led to any adjustment in the Fed's policy path. With the possibility of downward revisions to U.S. corporate earnings, valuations may come under pressure as well. As a result, we take a cautious view on U.S. equities for Q2. Investors may consider short-term, tactical strategies, taking advantage of sector rotations in materials, industrials, energy, and healthcare. Overall, we favor strategies and sectors with defensive characteristics. ◆ Germany's fiscal expansion offers support, and any tariff-induced pullback in European markets could present buying opportunities. In Japan, a positive feedback loop driven by wage growth and rising consumption continues to unfold, making domestic demand stocks increasingly attractive. In contrast, China and Hong Kong tech stocks have seen a sharp short-term rally, and may enter a consolidation phase—we take a neutral view on the sector. 	<p>Strategy: Preference for large-cap stocks, with sector focus on Industrials, Healthcare, and Aerospace & Defense. However, if a soft landing proves unachievable, shift toward defensive sectors such as Utilities, Telecommunications, Consumer Staples, and Healthcare.</p> <p>Regions: U.S., Europe, Japan</p>
Bonds	<ul style="list-style-type: none"> ◆ As expected, the Fed held interest rates steady. Given ongoing challenges in U.S. fiscal reform, we maintain a cautious stance on long-duration Treasuries. With yields on short- to medium-term bonds remaining attractive and hard landing risks not fully ruled out, we recommend locking in yields on U.S. Treasuries and investment-grade bonds during periods of rate repricing. ◆ For credit allocation, focus on investment-grade bonds offering attractive risk-adjusted spreads—particularly in sectors such as Financials, Industrials, Energy, Utilities, and Communications. 	<p>Duration: Focus on short- to medium-term bonds for yield locking.</p> <p>Types: U.S. Treasuries and investment-grade corporate bonds, with a preference for large-cap issuers. Sector focus includes Financials with favorable upside potential.</p>
Forex	<ul style="list-style-type: none"> ◆ Fed is slowing its pace of rate cuts, while comments from Donald Trump are weighing on the U.S. dollar. Although the dollar remains supported at higher levels, its strength is showing signs of weakening. ◆ Improving economic conditions in Japan and a potential acceleration in rate hikes by the Bank of Japan—especially if spring wage negotiations yield favorable outcomes—could support further appreciation of the yen in the near term. 	<p>USD: Supported at elevated levels, but its momentum is softening.</p> <p>JPY: Expected to trade with a short-term strengthening bias.</p>
Commodity	<ul style="list-style-type: none"> ◆ Trump's tariff and trade uncertainties, economic slowdown and inflation risks, fiscal deficit pressures, and continued central bank gold purchases all support gold's upside momentum. 	<p>Gold: Buy gold on pullbacks; medium- to long-term bullish.</p>

Industrial Profits Decline 0.3% in First Two Months

Industrial Profits Decline 0.3% in First Two Months

► Last Thursday (27th), China released industrial enterprise profit data for the first two months of the year. Revenue grew by 2.8% YoY, accelerating by 0.7 percentage points from the previous reading. As for total profits, they declined by 0.3% YoY. While this marks an improvement from the 3.3% full-year decline recorded in 2024, it contrasts sharply with the 10.2% growth seen during the same period last year.

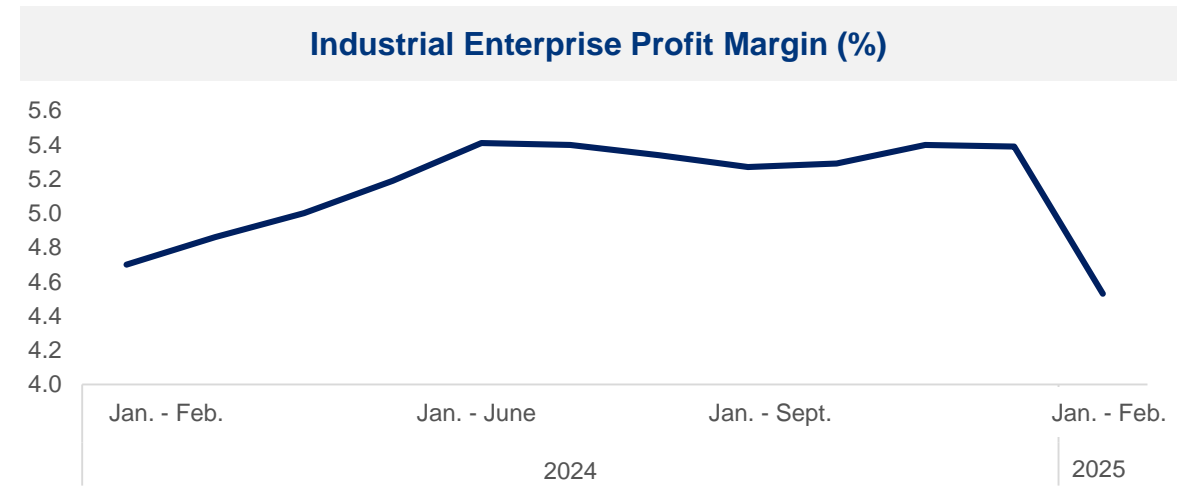
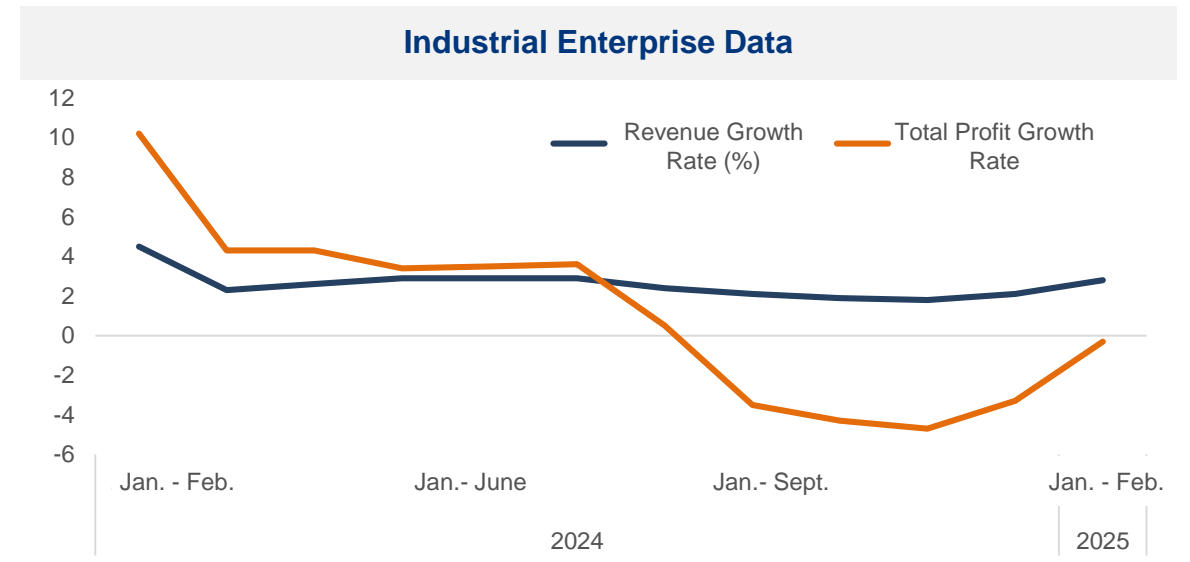
Equipment Manufacturing Outperforms

► In fact, cost of goods sold per 100 yuan of operating revenue among industrial enterprises has continued to decline, supporting a further recovery in gross margins. For the January–February period, large-scale industrial enterprises saw gross profit grow by 2.0% YoY, reversing the 0.3% decline recorded for full-year 2024. However, the latest profit margin fell to 4.53%—the lowest level in recent years—while total profits remained in negative territory, highlighting ongoing profitability challenges for China’s industrial sector. By industry category, the equipment manufacturing sector delivered stronger performance, with operating revenue rising 8.1% YoY—outpacing the average for all large-scale industrial firms. Profits grew by 5.4% YoY, a turnaround from the 0.2% decline seen in 2024, also outperforming the broader industrial average. The improvement was partly supported by the continued effects of the “Two New” policy initiatives.

"Going Global" Theme Remains in Market Focus

► As Hong Kong’s earnings season draws to a close, market volatility driven by company results is expected to ease. Among the many earnings releases last week, stocks that delivered stronger performance and attracted greater market attention generally shared a common theme: a “going global” strategy. These companies demonstrate diversified revenue sources and are not solely reliant on China’s domestic economic growth, which has resonated with investors. Firms that provided optimistic guidance for 2025 further boosted investor confidence. In addition to the previously highlighted “AI + Consumption” theme, companies with a strong international presence should not be overlooked. These firms tend to exhibit greater market diversification and resilience to risk—qualities that are increasingly valued amid China’s ongoing economic transition.

Source: National Bureau of Statistics



FUTU Holdings Ltd. (Futu)

Closing Price USD \$107.5

Target Price USD \$141.7

FUTU Holdings Limited operates as a holding company. The Company, through its subsidiaries, offers an online brokerage platform that enables individual investors to trade in listed stocks. FUTU Holdings serves customers in the United States, China, and Hong Kong.

■ Robust Customer Growth and Market Resilience

FUTU Holdings is actively expanding its customer base, particularly in Japan and Malaysia, with expectations to add 800,000 new paying clients in 2025—exceeding market forecasts and serving as a key driver of earnings growth. Notably, in Q1 2025 alone, the company is projected to onboard over 300,000 new paying clients, laying a solid foundation for the full year. Meanwhile, the share of trading volume from the U.S. market declined from 81% to 72%, reflecting reduced revenue concentration. Despite this shift, FUTU’s trading volumes and assets under management (AUM) have remained stable, supported by a pivot in client activity toward Hong Kong and China ADR equities. Additionally, average daily turnover in the Hong Kong market has risen by 30% year-to-date in 2025, signaling improved market confidence and reinforcing FUTU’s business performance.

■ Interest Income Growth and New Business Expansion

Despite pressure from Fed rate cuts, FUTU’s interest income is still projected to grow 21% YoY in 2025, according to market forecasts. This growth is primarily driven by strong increases in margin financing, idle cash balances, and continued expansion in AUM.

■ Valuation Appeal and Market Outlook

Based on the Bloomberg consensus target price of USD 141.7—implying 32% upside—the stock is trading at a forward P/E of 20.2x and a PEG ratio of 0.6x, both below the historical range of 0.9x to 1.0x. Market expectations for Q1 2025 earnings could serve as a catalyst for the stock. If FUTU demonstrates resilience exceeding that of its U.S. peers, it may trigger a re-rating in valuation.

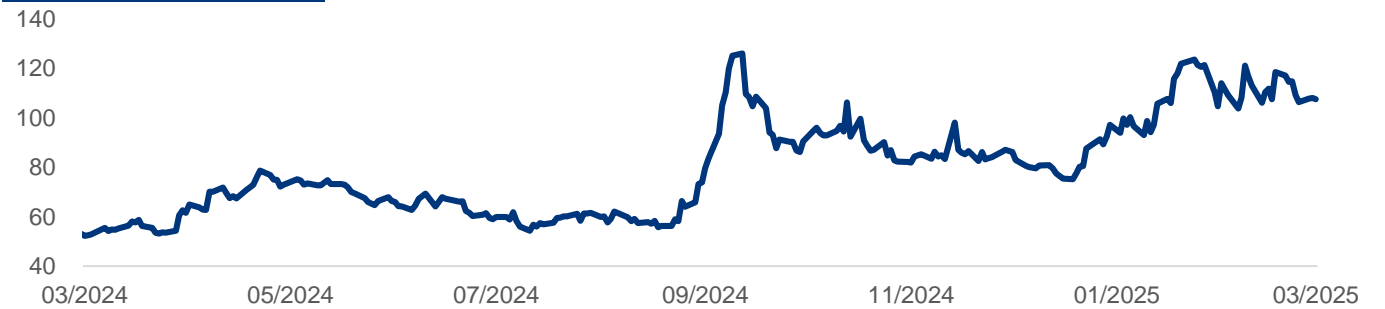
Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
Net Income (100M HKD)	7.6	10.0	13.6	17.1	19.1
NI YoY(%)	7.0%	31.4%	35.8%	26.1%	11.4%
EPS(HKD)	20.6	32.6	41.2	54.1	63.0
DPS(HKD)	0	0	0	0	0
P/E	40.5	25.5	20.2	15.4	13.2
Dividend Yield(%)	0%	0%	0%	0%	0%

Source: Bloomberg; 2024/25F are market estimates

1-Year Price



As of 27 Mar. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-3.5	29.8	34.4	100.2	188.5	1040.1

Valuations

● 5Y Average ◆ Current

Price	9.0	●	◆	186.6
P/E	10.1	◆	●	287.3
P/B	1.4	◆	●	23.6

Hong Kong Exchanges & Clear (388)

Closing Price HK \$357.8

Target Price HK \$420.0

Hong Kong Exchanges and Clearing Limited provides financial services. The Company offers securities trading, clearing, settlement and depository, and market data services.

■ Fundraising Volume Expected to Double in 2025

The 2025 Budget Report announced plans to establish a “Tech Enterprise Channel” and review listing rules. With Hong Kong equity valuations largely recovering and supportive measures in place, these initiatives are expected to boost companies’ interest in listing in Hong Kong—particularly among specialist technology enterprises applying under Chapter 18C. According to Bloomberg estimates, potential fundraising volume in 2025 is projected to reach HKD 170 billion—nearly doubling YoY. The Hong Kong Stock Exchange stands to benefit from this IPO surge through increased listing fee revenue.

■ Weaker U.S. Dollar May Benefit Non-Dollar Markets

The March FOMC dot plot reflects a downward revision in U.S. economic growth by Fed officials. Heightened uncertainty over the economic outlook could lead to further dollar weakness, which would be favorable for capital markets outside the U.S.

■ Upside Potential in Average Daily Turnover Forecast

We believe market consensus may be underestimating HKEX’s earnings potential. Current market forecasts estimate Hong Kong’s average daily turnover at approximately HKD 172 billion. However, year-to-date figures show an average of around HKD 240 billion, indicating a significant gap and room for upward revision. If the 2025 forecast for daily turnover is raised to the HKD 200–220 billion range, HKEX’s earnings per share could exceed current market expectations by approximately 6.5% to 11.6%. Based on a 33x P/E multiple, the target price could reach HKD 420.

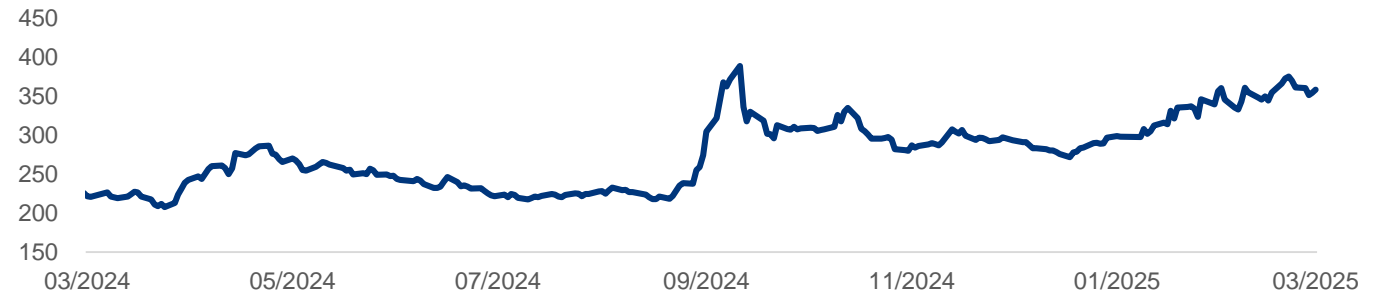
Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
Net Income (100M HKD)	18.5	20.5	22.4	24.9	26.3
NI YoY(%)	-12%	11%	9%	11%	6%
EPS(HKD)	8.0	9.5	10.5	11.5	12.1
DPS(HKD)	7.1	8.4	9.3	10.2	10.7
P/E	44.8	37.8	34.2	31.2	29.6
Dividend Yield(%)	2.0%	2.4%	2.6%	2.9%	3.0%

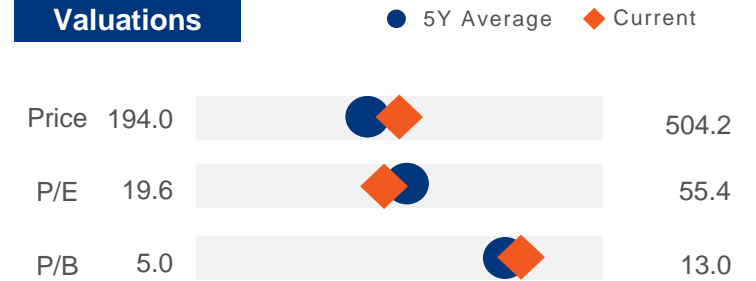
Source: Bloomberg; 2025/26F are market estimates

1-Year Price



As of 27 Mar. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-0.6	22.1	23.1	61.5	4.2	73.0

Valuations



Capital Rotates Between Growth and Value Stocks

- ▶ In February, the U.S. Personal Consumption Expenditures (PCE) Price Index rose 0.3% MoM, matching the pace of the previous two months and aligning with market expectations. Core PCE rose to 2.8% YoY, exceeding the revised 2.7% and the market forecast of 2.7%.
- ▶ In March, the S&P Global U.S. Manufacturing PMI came in at 49.8, below both the prior reading of 52.7 and the market expectation of 51.7.
- ▶ In March, the S&P Global U.S. Services PMI rose to 54.3, a three-month high, surpassing both the prior reading of 51.0 and market expectations of 51.0.
- ▶ In February, new orders for U.S. durable goods increased by USD 2.7 billion, or 0.9%, reaching USD 289.3 billion. This followed a revised 3.3% gain in January and exceeded the expected 1% decline.
- ▶ U.S. Q4 GDP grew at an annualized rate of 2.4%, slightly above the previous estimate and prior reading of 2.3%.
- ▶ Sales of new single-family homes in the U.S. rose 1.8% in February to a seasonally adjusted annual rate of 676,000 units, partially recovering from January's revised 6.9% decline, though still below the market expectation of 680,000 units.
- ▶ After a roughly 10% pullback from its peak, the S&P rebounded—mainly driven by value and defensive sectors. Meanwhile, gold hit another all-time high above USD 3,070 per ounce, reflecting continued risk-off sentiment in the market.

S&P 500 Growth Index (SGX) vs. Value Index (SVX)



DoorDash Inc. (DASH)

Closing Price US \$182.61

Target Price US \$220

DoorDash, Inc. provides restaurant food delivery services. The Company develops technology to connect customers with merchants through an on-demand food delivery application. DoorDash serves customers in the United States.

■ Reduced Consumer Spending Supports Food Delivery Services

There are signs that Trump's aggressive tariff policies and government downsizing efforts are contributing to an economic slowdown or even stagflation. Retail sales in February came in below expectations, while consumer sentiment in March dropped to its lowest level since November 2022. Amid rising economic uncertainty, U.S. consumers are gradually cutting back on spending. Given that delivery platforms typically charge a flat fee ranging from \$3 to \$5, and restaurant tipping continues to be costly, food delivery services are gaining traction. Compared to dining in, consumers are increasingly opting for delivery.

■ Leading Food Delivery Platform in the U.S.

Currently, DoorDash holds a dominant position in the U.S. food delivery market, with an estimated market share of approximately 67%.

■ Platform Expansion and Rapid User Growth

DoorDash has steadily broadened its service offerings beyond food delivery to include groceries, alcohol, and more—catering to increasingly diverse consumer needs. In 2024, DashPass subscribers surpassed 18 million, while monthly active users reached a record high of over 42 million, up from 37 million in 2023.

■ Q4 FY2024 Results

Revenue grew 26.1% YoY to USD 2.9 billion, beating expectations by USD 50 million. Non-GAAP EPS came in at USD 0.33, in line with market forecasts.

■ Valuation Consensus

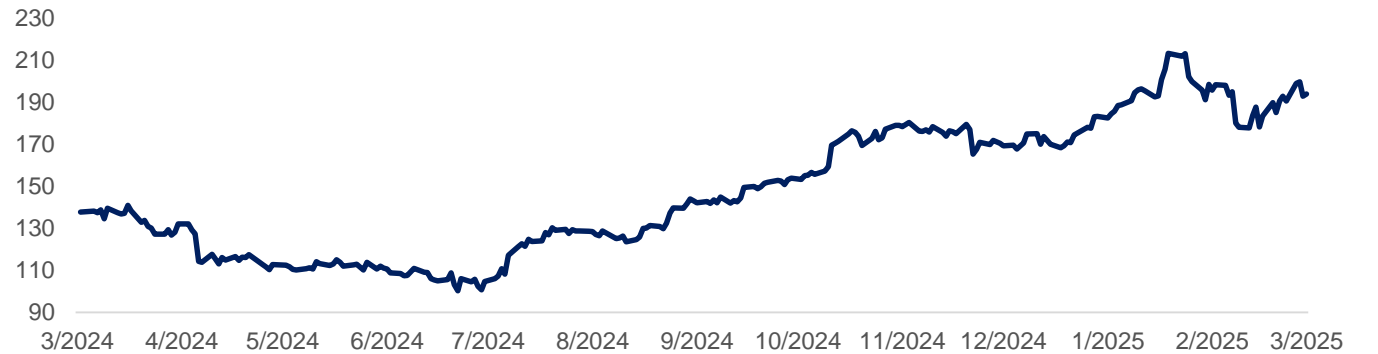
The 12-month average target price on Bloomberg is USD 224.6, with a high estimate of USD 250 and a low of USD 150.

Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	34.7	31.2	24.2	21.1	18.2
EBITDA (%)	-6.7	2.3	8.3	21.0	23.5
EPS(EUR)	-3.18	-1.09	0.79	3.78	5.23
Net Profit Margin(%)	-17.9	-4.9	3.1	13.5	16.0

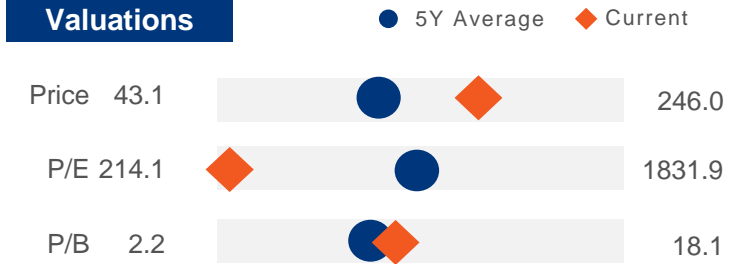
Source: Bloomberg; 2025/26F are market estimates

1-Year Price



As of 27 Mar. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-2.2	14.6	15.7	40.9	22.3	N.A.

Valuations



Source: Bloomberg

Celsius Holdings Inc. (CELH)

Closing Price US \$36.65

Target Price US \$45

Profile

Celsius Holdings, Inc. operates as a holding company. The Company, through its subsidiaries, provides thermogenic calorie-burning beverages. The Company markets its beverages through multiple channels including grocery, drug, convenience stores, gyms, and nutrition stores.

Low-Beta Stock

The beverage industry is considered highly defensive and has a relatively low correlation with the broader market. The company's products are positioned within the functional beverage niche, with 94.7% of its revenue generated from the North American market—minimizing exposure to tariff-related risks.

Brand Expansion

In February 2025, Celsius announced the acquisition of competitor Alani Nu for USD 1.8 billion in cash and stock. Founded in 2018 by fitness influencer Katy Hearn, Alani Nu gained rapid popularity among young female consumers through social media marketing and its low-calorie, health-oriented products. This acquisition is expected to broaden Celsius's market reach—particularly among female demographics—and significantly drive future growth. According to its FY2024 report, the company's market share increased by 1.6 percentage points to 11.8%.

Q4 FY2024 Results

Revenue declined 4.3% year-on-year to USD 332 million, beating expectations by USD 5.18 million. Non-GAAP EPS was USD 0.14, exceeding forecasts by USD 0.04.

Valuation Consensus

The 12-month average target price on Bloomberg is USD 39.38, with a high estimate of USD 58 and a low of USD 30.

Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	108.0	101.7	2.9	32.2	17.7
EBITDA (%)	-23.8	21.1	17.5	20.5	21.9
EPS (USD)	-0.87	0.80	0.69	0.96	1.16
Net Profit Margin(%)	-30.1	14.3	12.1	13.0	13.7

Source: Bloomberg; 2025/26F are market estimates

1-Year Price



As of 27 Mar. 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	36.8	32.8	33.4	-57.6	23.4	91.5

Valuations

● 5Y Average ◆ Current

Price	1.1		96.1
P/E	30.5		1877.3
P/B	3.4		54.6



Taiwan Stocks Struggle to Extend Gains Amid Heavy Pressure; Watch for Retest of Lows and Focus on Strong Stocks Above Short-Term Averages

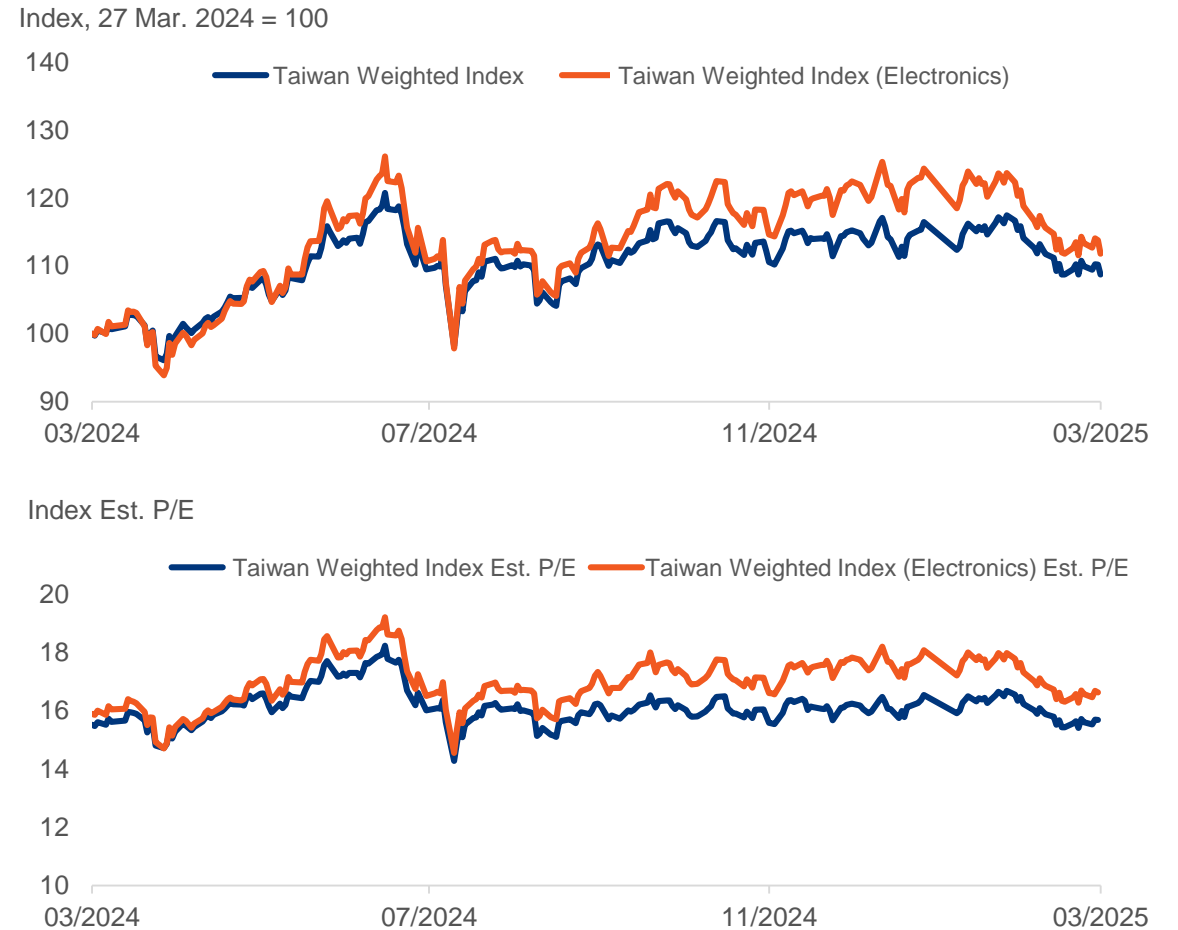
► Market Turnover Plunges; Risk of Retesting Recent Lows

Last Wednesday, although the TAIEX continued to approach resistance at the monthly moving average, a lack of buying momentum caused turnover to freeze—falling to its lowest level in recent years—ultimately leading to a failed breakout attempt. From a technical standpoint, the index opened higher this week but closed lower, falling below short-term moving averages. With the 22,500 level and the declining 20-day moving average forming strong resistance above, downward pressure remains heavy. Without a pickup in both price and volume, the risk of a pullback toward the 21,769 level remains.

► Sector Rotation in Focus; High-Dividend and Defense Stocks Outperform

Sector performance continues to rotate, with heavy pressure seen on large-cap tech stocks, making the electronics sector the weakest segment of the market. Within tech subgroups, recent gains have been selective, with software and IT services emerging as the strongest performers. High-dividend and defense-related themes remain market highlights. Several financial holding companies offer attractive dividend yields, and financial stocks are expected to remain relatively resilient. As the market consolidates, high-dividend stocks may attract capital inflows. Meanwhile, continued growth in U.S. defense spending—set to reach USD 871 billion in 2025 and projected to exceed USD 1 trillion by 2032—along with rising cross-strait tensions, keeps defense stocks in focus. Given the rapid sector rotation, chasing prices remains inadvisable. However, with a potential bottoming pattern forming in the broader market and some individual stocks starting to break out, stock selection should favor names with positive catalysts and those showing price strength by reclaiming key moving averages.

Taiwan Weighted Index and Taiwan Electronics Sector Trends & Est. P/E



Source: Bloomberg

Luxnet Corp (4979 TT)

Luxnet Corporation designs, develops and manufactures optical semiconductor devices with in-house epi-layer design. These products are used in high speed voice video, data communication, storage and cable TV.

Robust Silicon Photonics Demand Drives Die Business Growth

Starting from the second half of 2024, Luxnet's die business has benefited from significantly increased demand for silicon photonics-based optical transceivers, driven by major U.S. cloud service providers and Chinese optical module manufacturers. KGI Securities is optimistic that this trend will fuel strong growth in the company's die business in 2025, projecting revenue to rise from approximately NT\$190 million in 2024 to around NT\$750 million in 2025—a YoY increase of 296%.

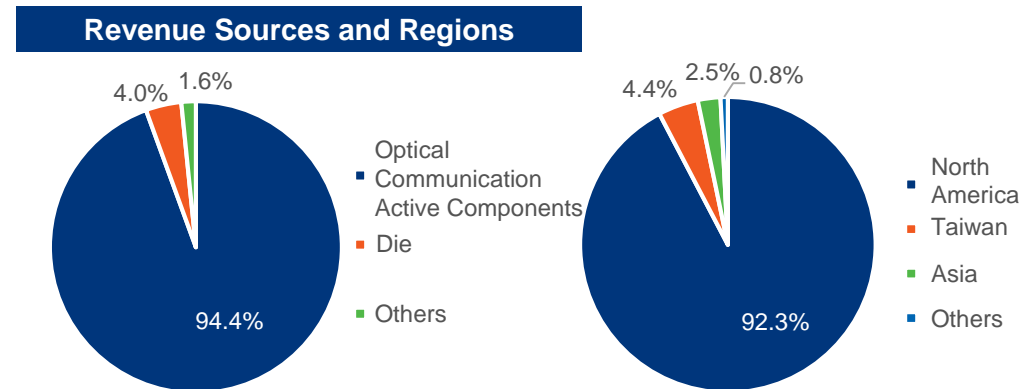
Revenue Expected to Grow Sequentially in 2025

The company has recently begun entering the Chip on Carrier (COC) segment, which is expected to contribute up to 10% of total revenue in 2025. With continued capacity expansion, both revenue and earnings are expected to grow quarter by quarter throughout the year. KGI Securities has revised its 2025 revenue forecast for Luxnet upward to NT\$5.88 billion, representing a 70.3% YoY increase.

Financials		2021	2022	2023	2024F	2025F
EPS (NTD)		-2.22	2.05	3.34	3.79	8.97
EPS Growth (%)		196.8	0.0	63.0	13.4	137.0
P/E Ratio		N.A.	57.0	40.1	41.1	15.6
ROE (%)		-20.9	19.7	19.9	16.6	31.4

Valuations		5Y Avg.	Current
Price	11.05	●	◆ 250.5
P/E	18.43	◆	● 201.6
P/B	1.03	●	◆ 16.62

Source: Company data, estimates of KGI analyst



Source: Bloomberg

Sinbon Electronics Co Ltd. (3023 TT)

Sinbon Electronics Co., Ltd. markets cable, connectors, and modems. The Company exports its products mainly to other Asian countries, America, and Europe.

■ Semiconductor Equipment and Robotics Offer Growth Tailwinds in Coming Years

The AI boom is driving an upcycle in semiconductor capital expenditures from 2024 to 2026. Sinbon forecasts that semiconductor equipment revenue will achieve a CAGR of over 20% during this period. With the humanoid robotics market expected to expand significantly over the next 2–3 years, KGI Securities estimates that this segment will account for a low- to mid-single-digit percentage of Sinbon’s revenue by 2026, with the potential to become a long-term growth pillar. In addition, a modest recovery in other industrial applications is anticipated, with KGI projecting industrial revenue growth of 13% and 20% YoY in 2025 and 2026, respectively—outpacing the 6% growth expected in 2024.

■ Upside Potential in Communications Business

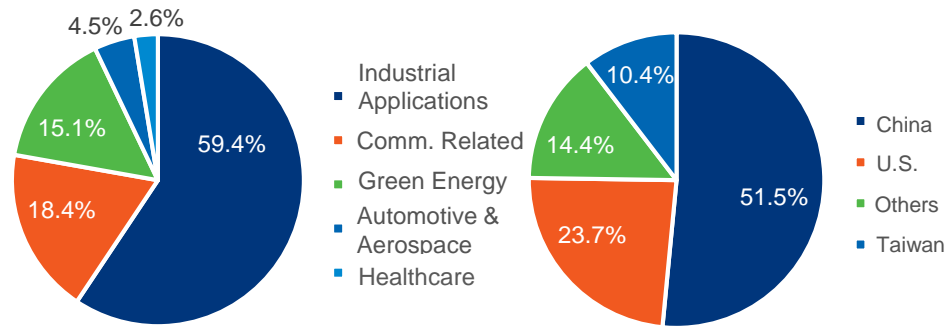
Driven by customer expansion and rising value contribution from 3C applications, the communications business is expected to surpass its revenue growth target of 0–5% YoY (with 44% year-to-date growth already achieved).

Financials		2021	2022	2023	2024F	2025F
EPS (NTD)		12.22	13.71	14.70	15.31	18.33
EPS Growth (%)		22.2	12.2	7.2	4.1	19.8
P/E Ratio		22.3	19.9	18.5	17.8	14.9
ROE (%)		25.1	24.9	24.3	23.1	25.3

Source: Company data, estimates of KGI analyst

Valuations		5Y Avg.	Current	
Price	120.5	●	◆	377.0
P/E	15.93	●	◆	31.25
P/B	3.63	●	◆	7.41

Revenue Sources and Regions



Source: Bloomberg

1-Year Price



As of 27 Mar 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-2.7	-10.4	4.2	-10.5	4.0	0.0

Is the U.S. Market Repeating the Post-Tech Bubble Pattern? Portfolio Balances Growth and Value Stocks

► BlackRock U.S. Value Fund

- Established in January 1997, with over USD 800 million in assets under management.
- One of the few funds in the market focused exclusively on large-cap U.S. value stocks.
- Portfolio manager employs fundamental analysis for stock selection.
- Well-diversified, typically holding 80–120 stocks, with no single sector exceeding 25% of the portfolio.

► SPDR Portfolio S&P 500 Value ETF (SPYV)

- Aims to track the performance of the S&P 500 Value Index.
- Primarily invests in large-cap U.S. value stocks.
- Diversified holdings, with the top 10 positions accounting for less than 10% of total assets.
- Low-cost structure, with a current expense ratio of 0.04%

Product	BlackRock U.S. Value Fund		SPDR Portfolio S&P 500 Value ETF (SPYV)	
Features	<ul style="list-style-type: none"> ■ This fund focuses on a value investing strategy, emphasizing companies with low valuations and strong intrinsic investment potential. ■ The portfolio is well-diversified, with no single sector accounting for more than 25% of total holdings. 		<ul style="list-style-type: none"> ■ This ETF holds large-cap U.S. value stocks and offers broad sector exposure. ■ With an expense ratio of just 0.04%, it helps investors minimize investment costs. 	
AUM	USD 0.781 B		USD 25.34 B	
Tracking Index	-		S&P 500 Value Index	
Holdings	91		398	
3M/YTD Returns	5.86% / 5.18%		-0.19% / 0.84%	
Top-5 Sectors (%)	Financials	21.96	Info. Tech.	22.89
	Healthcare	16.72	Financials	15.83
	Industrials	13.13	Healthcare	15.54
	Info. Tech.	10.51	Industrials	8.49
	Others	5.98	Cons. Disc.	8.47
Top-5 Holdings (%)	Wells Fargo	3.73	Apple Inc.	7.53
	Citigroup	3.40	Microsoft	5.85
	SS&C Technologies Holdings, Inc.	3.15	Amazon.com, Inc.	3.38
	CVS Health Corporation	2.95	Exxon Mobil Corporation	2.11
	Cardinal Health, Inc.	2.65	Berkshire Hathaway Inc.	2.05

Source: Bloomberg, 26 Mar. 2025

BlackRock U.S. Value Fund

Profile

This fund aims to maximize total return. It invests no less than 70% of its total assets in equity securities of companies that are either registered in the U.S. or conduct the majority of their economic activities there.

Value Investing Strategy

The fund focuses on a value investing strategy, with the portfolio manager targeting companies that are undervalued but possess strong intrinsic investment potential. It seeks to purchase high-quality, stable companies at attractive price levels—suitable for investors aiming for consistent long-term returns.

Investing in High-Quality Large-Cap Stocks Across Sectors

The fund primarily invests in large-cap stocks across various sectors, with at least 65% of the portfolio's total weight comprising securities covered by MSCI ESG Research. This helps investors assess performance across ESG dimensions.

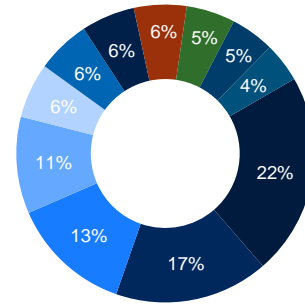
Diversified Investment

Its portfolio typically holds between 80 and 120 stocks, with no single sector exceeding 25% of the total portfolio. The top 10 holdings account for approximately 27.6%.

Inception Date	8 Jan 1997	AUM	USD 0.781 B
Morningstar Category	U.S. Large-Cap Value Stocks	Fund Category	Equities
Morningstar Rating	★★	3Y Stand. Dev. (Ann.)	17.66%

Source: BlackRock Fund Monthly Report, Morningstar. Performance data as of March 26, 2025; monthly report as of February 28, 2025. Share class: A2 USD

Sectors

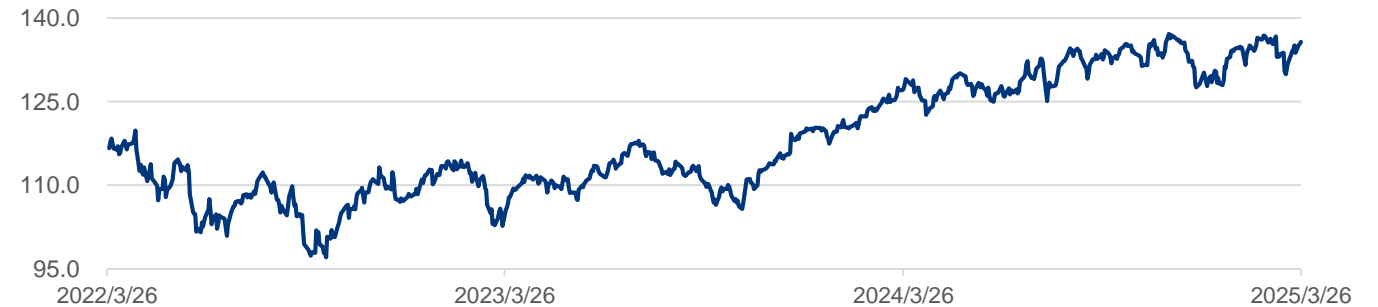


- Financials
- Health Care
- Industrials
- Info. Tech.
- Others
- Comm.
- Cons. Disc.
- Energy
- Cons. Staples
- Materials
- Cash and Derivatives

Top-5 Holdings (%)

Wells Fargo	3.73
Citigroup	3.40
SS&C Technologies Holdings, Inc.	3.15
CVS Health Corporation	2.95
Cardinal Health, Inc.	2.65

3-Year Net Asset Value



As of 26 Mar 2025	1M	3M	YTD	1Y	2Y	3Y
USD Cumulative Return	-0.40	5.86	5.18	6.69	32.21	15.70
Quartile Ranking Within Category	1	1	3	3	3	4

SPDR Portfolio S&P 500 Value ETF (SPYV)

Profile

This ETF tracks the S&P 500 Value Index, aiming to replicate the performance of the index by investing in its constituent stocks.

Focus on U.S. Large-Cap Value Stocks

The ETF holds U.S. large-cap value stocks, including Apple Inc., Microsoft, Amazon.com, Exxon Mobil, and Berkshire Hathaway. The top 10 holdings account for approximately 28.53%, making it suitable for investors seeking broad exposure to value-driven growth opportunities.

Diversified Sector Exposure

By tracking the S&P 500 Value Index, this ETF offers broad market coverage while reducing the risk of overconcentration in any single sector. It focuses on S&P 500 constituents that exhibit strong value characteristics.

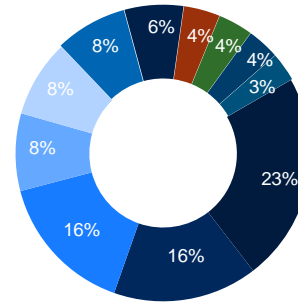
Low Expense Ratio

This ETF has an expense ratio of 0.04%, placing it among the lower-cost options in its category. It offers cost efficiency and helps investors reduce overall investment expenses.

Inception Date	25 Sep 2000	AUM	USD 25.34 B
ETF Category	Equities	Holdings	398
Expense Ratio	0.04%	3Y Stand. Dev. (Ann.)	16.74%

Source: Bloomberg, 26 Mar. 2025

Sectors



- Info. Tech.
- Financials
- Health Care
- Industrials
- Cons. Disc.
- Cons. Staples
- Energy
- Comm. Services
- Utilities
- Materials
- Real Estate

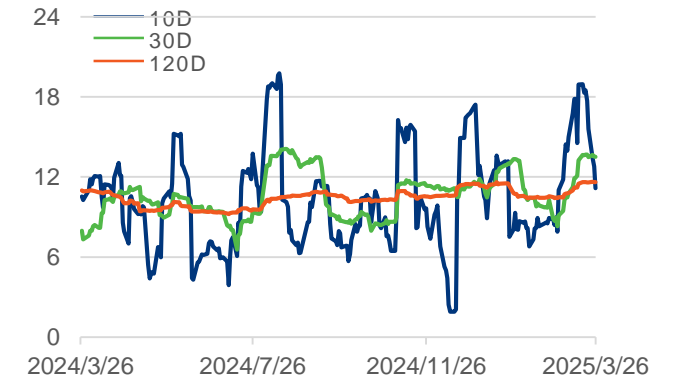
1-Year Price



Top-5 Holdings (%)

Apple Inc.	7.53
Microsoft	5.85
Amazon.com, Inc.	3.38
Exxon Mobil Corporation	2.11
Berkshire Hathaway Inc.	2.05

1-Year Volatility



As of 26 Mar 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	-1.13	-0.19	0.84	5.20	30.43	124.17

Malaysia is a Leading Southeast Asian Economy, Quasi-Sovereign Bonds Show Greater Resilience During Volatility

► PETMK 5.34 04/03/35 (Petroleum Nasional Berhad – PETRONAS)

- Petronas is an integrated oil and gas company wholly owned by the Government of Malaysia. It is the largest corporate entity in the country. Under Malaysia's Petroleum Development Act of 1974, Petronas holds exclusive ownership rights to all of the nation's petroleum and natural gas resources. The company accounts for approximately 70% of Malaysia's annual oil and gas production, with around two-thirds of its assets and output located within Malaysia. In addition, Petronas contributes over 20% of the Malaysian government's annual revenue.
- It maintains a strong credit profile, with standalone credit ratings from the three major international agencies as follows: aa / a2 / aa— all above Malaysia's sovereign ratings of A- / A3 / BBB+. The company demonstrates sound financial discipline, supported by: (1) consistent generation of positive free cash flow across industry cycles over recent years, including during the low oil price environment of 2020; and (2) a continued net cash position, which stood at approximately MYR 87.5 billion (around USD 19.8 billion) as of June 2024.
- It also exhibits diversified geographic operations, with relatively low dependence on domestic demand. Only 26% of total revenue is generated from Malaysia, while overseas operations are well-balanced. As of early 2025, Petronas holds sufficient 1P oil and gas reserves to support approximately 10 years of production. These reserves are evenly distributed between Malaysia and international assets, and are predominantly natural gas.

Products	PETMK 5.34 04/03/35 (Petroleum Nasional Berhad – PETRONAS)
ISIN	USY68856BE59
Highlight	Petronas holds exclusive ownership rights to all petroleum and natural gas resources in Malaysia and maintains a strong credit foundation
Maturity Date	2035/4/3
Next Redemption Day	2035/1/3
Coupon (%)	Fixed/5.34/Semi-annual
Currency	USD
Years to Maturity	10.02
Rating (Moody's/ Fitch/S&P)	A2/-/A-
Seniority	Senior Unsecured
YTM/YTC (%)	5.34/5.34

Source: Bloomberg

PETMK 5.34 04/03/35 (Petroliam Nasional Berhad – PETRONAS)

Profile

Petronas is an integrated oil and gas company wholly owned by the Government of Malaysia. Under the Petroleum Development Act of 1974, Petronas holds exclusive ownership rights to all petroleum and natural gas resources in Malaysia. The company accounts for approximately 70% of the nation's annual oil and gas production, with about two-thirds of its assets and output located within Malaysia.

- Petronas demonstrates strong financial discipline, as evidenced by: (1) consistently generating positive free cash flow across industry cycles in recent years—including during the low oil price environment in 2020; and (2) maintaining a net cash position over the past several years, with net cash totaling approximately MYR 87.5 billion (about USD 19.8 billion) as of June 2024.
- The company's operations are geographically diversified, with limited reliance on domestic demand. Malaysia accounts for only 26% of total revenue, and overseas revenue is well-distributed across regions. Petronas also holds substantial 1P oil and gas reserves, sufficient to support around 10 years of future production as of early 2025. These reserves are evenly split between domestic and international locations and are primarily natural gas.
- As Fed begins a rate-cutting cycle, this presents an opportunity to lock in yields on high-quality bonds. With issuers like Petronas showing low credit risk, such names may offer enhanced resilience and portfolio stability during periods of rate volatility.

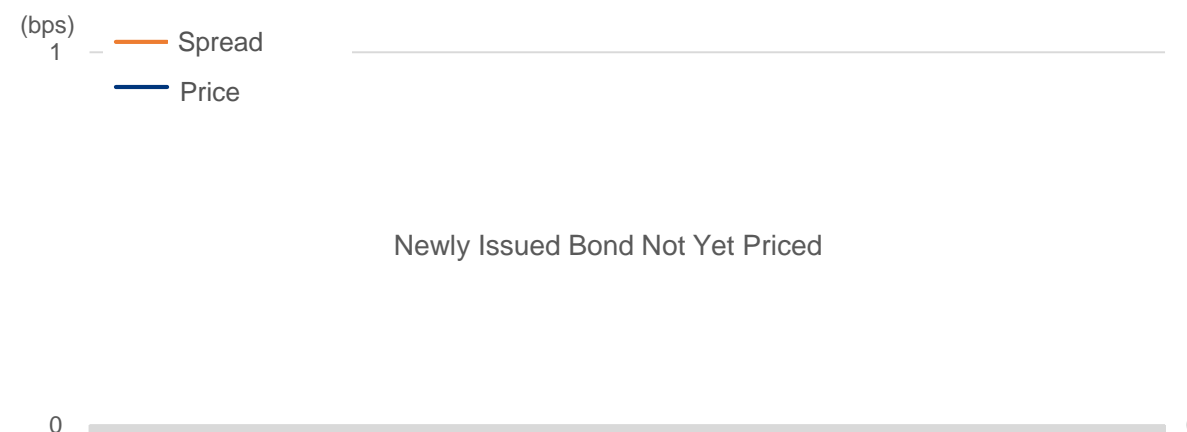
Financials	2022	2023	2024
Free Cash Flow (Billion USD)	223.67	145.82	112.24
Return on Assets (ROA)	13.72	10.02	6.38
Accounts Receivable Turnover Ratio	6.45	5.51	4.74

Source: Bloomberg, 27 Mar 2025

Overview

Name	PETMK 5.34 04/03/35	ISIN	USY68856BE59
Maturity Date	4 Apr 2035	Remaining Maturity	10.02
Coupon(%)	Fixed/5.34/Semi-annual	YTM/YTC(%)	5.34/5.34
Currency	USD	Min. Subscription/Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	A2/-/A-	Seniority	Senior Unsecured

Price Since Issuance



Appendix

Key Economic Data / Events

▶ MAR 2025

24	Monday	25	Tuesday	26	Wednesday	27	Thursday	28	Friday
<ul style="list-style-type: none"> • U.S. Mar. S&P Global Manufacturing PMI Initial Value (Actual:49.8 Est:51.7 Prev:52.7) • U.S. Mar. S&P Global Manufacturing PMI Initial Value (Actual:54.3 Est:51.0 Prev:51.0) • Japan Mar. Mfg PMI Initial Value (Actual:48.3 Prev:49.0) • Eurozone Mar. Mfg Initial Value (Actual:48.7 Est:48.2 Prev:47.6) • Eurozone Mar. HCOB Services PMI Initial Value (Actual:50.4 Est:51.1 Prev:50.6) 		<ul style="list-style-type: none"> • U.S. Feb. New Home Sales (Actual:676k Est:680k Prev:664k) • U.S. Mar. Conf. Board Consumer Confidence (Actual:92.9 Est:94.0 Prev:100.1) 		<ul style="list-style-type: none"> • U.S. Feb. Durable Goods Orders MoM Initial Value (Actual:0.9% Est:-1.0% Prev:3.3%) 		<ul style="list-style-type: none"> • U.S. Last Week's Initial Jobless Claims (Actual:224k Est:225k Prev:225k) • U.S. Q4 GDP Annualized QoQ Final Value (Actual:2.4% Est:2.3% Prev:2.3%) 		<ul style="list-style-type: none"> • U.S. Feb. PCE YoY (Est:2.5% Prev:2.5%) • U.S. Feb. Core PCE YoY (Est:2.7% Prev:2.6%) • U.S. Mar. U. of Mich. Sentiment Final Value (Est:57.9 Prev:57.9) • Japan Mar. Tokyo CPI YoY (Actual:2.9% Est:2.7% Prev:2.8%) • Eurozone Mar. Economic Confidence (Est:96.7 Prev:96.3) 	

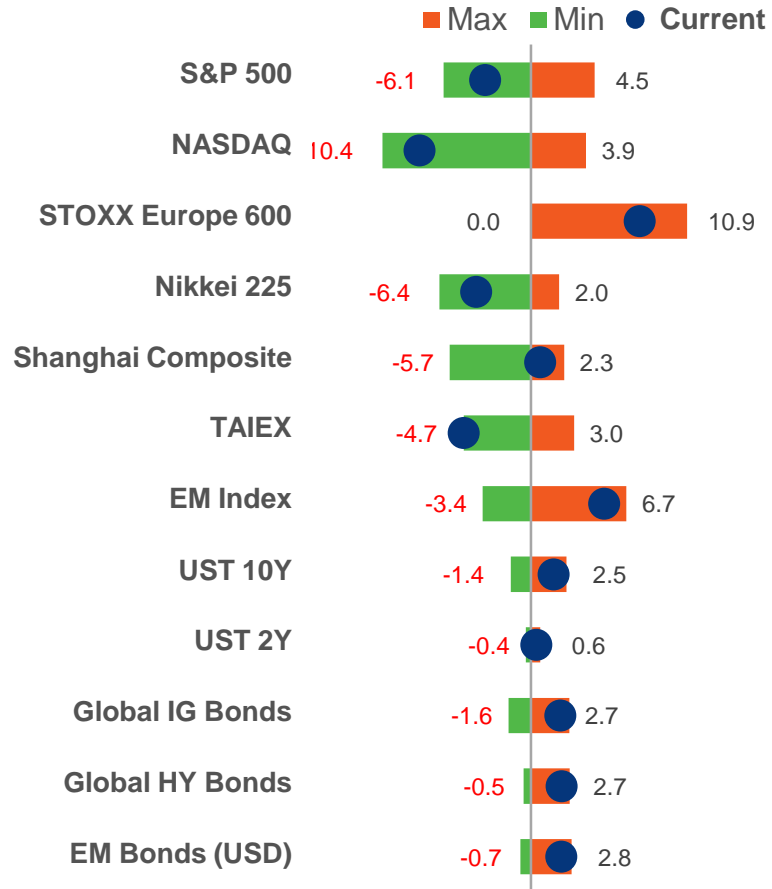
▶ APR 2025

31	Monday	1	Tuesday	2	Wednesday	3	Thursday	4	Friday
<ul style="list-style-type: none"> • Japan Feb. Industrial Production MoM Initial Value (Est:2.0% Prev:-1.1%) • Japan Feb. Retail Sales MoM (Est:0.2% Prev:1.2%) • China Mar. Manufacturing PMI (Est:50.4 Prev:50.2) • China Mar. Non-manufacturing PMI (Est:50.6 Prev:50.4) 		<ul style="list-style-type: none"> • U.S. Mar. S&P Global Manufacturing PMI Final Value (Prev:49.8) • U.S. Mar. ISM Manufacturing PMI (Est:49.8 Prev:50.3) • Japan Feb. Unemployment Rate (Prev:2.5%) • Japan Mar. Jibun Bank Japan PMI Mfg Final Value (Prev:48.3) • Eurozone Mar. Mfg PMI Final Value (Est:49.0 Prev:48.7) 		<ul style="list-style-type: none"> • U.S. Mar. ADP Employment Change (Est:119k Prev:77k) • U.S. Feb. Durable Goods Orders Final Value (Prev:0.9%) 		<ul style="list-style-type: none"> • U.S. Last Week's Initial Jobless Claims (Prev:224k) • U.S. Mar. ISM Services Index PMI (Est:53.1 Prev:53.5) • Eurozone Feb. PPI YoY (Prev:1.8%) 		<ul style="list-style-type: none"> • U.S. Mar. Change in Nonfarm Payrolls (Est:135k Prev:151k) • U.S. Mar. Unemployment Rate (Est:4.1% Prev:4.1%) 	

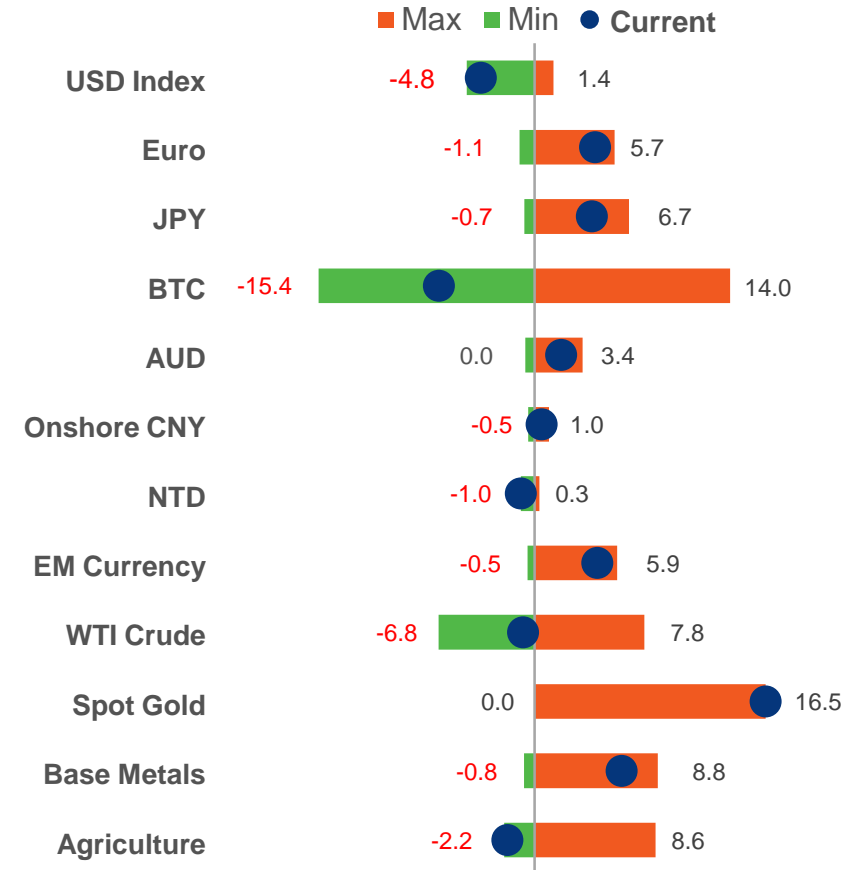
Source: Bloomberg

YTD Major Market / Asset Performance

Stock and Bond Market YTD Performance (%)



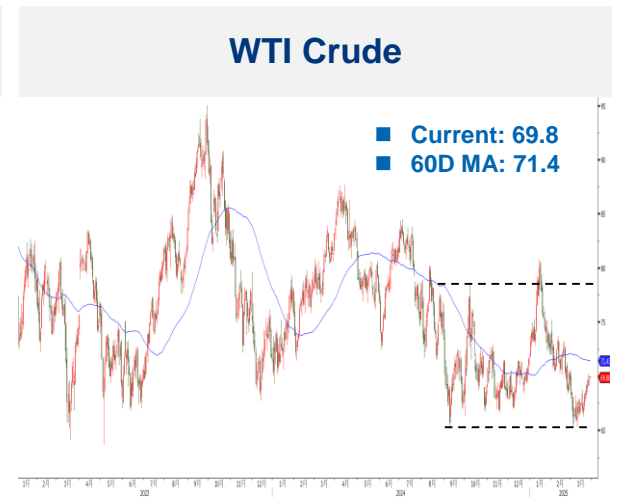
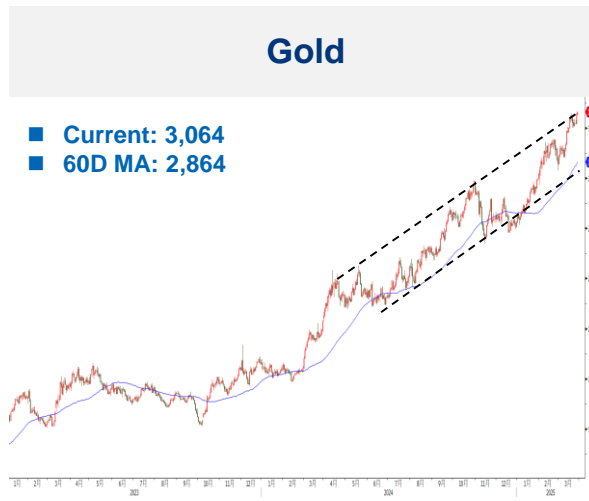
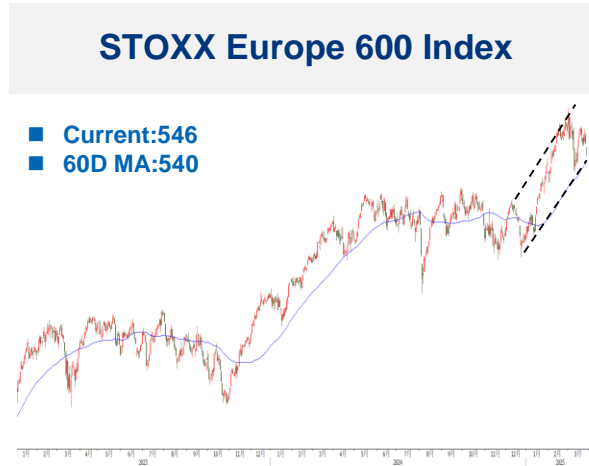
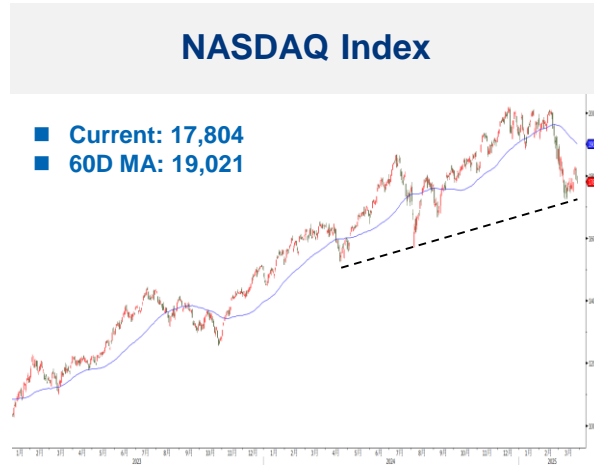
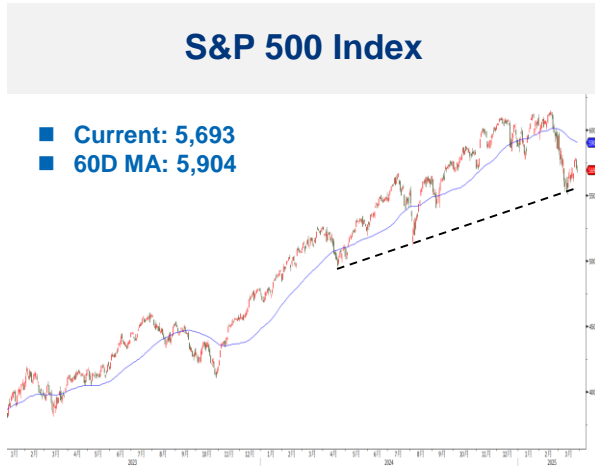
Currencies and Futures Market YTD Performance (%)



Source: Bloomberg, 28 Mar. 2025

Technical Analysis

— 60D MA



Source: Bloomberg, 28 Mar. 2025

Market Monitor

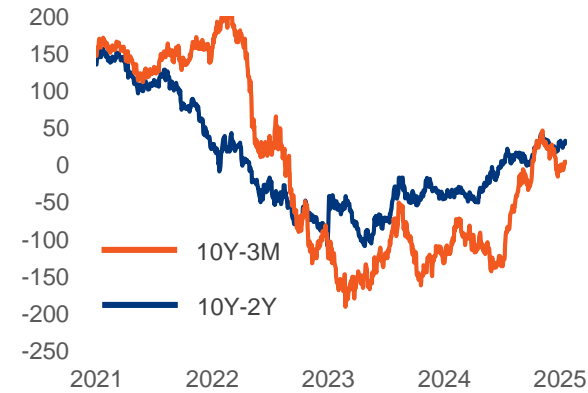
U.S. CPI YoY (%)



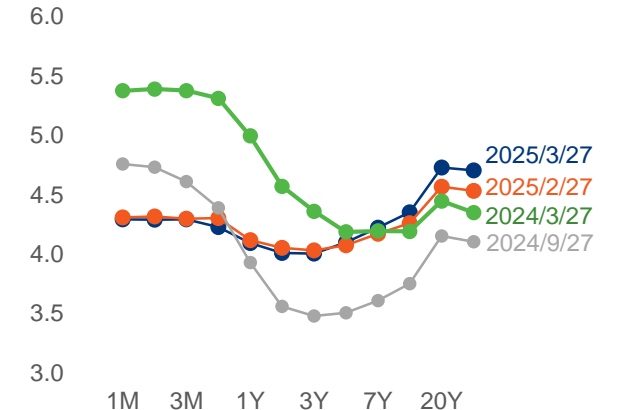
U.S. 10-Year Treasury Yield (%)



U.S. Treasury Yield Spread (bps)



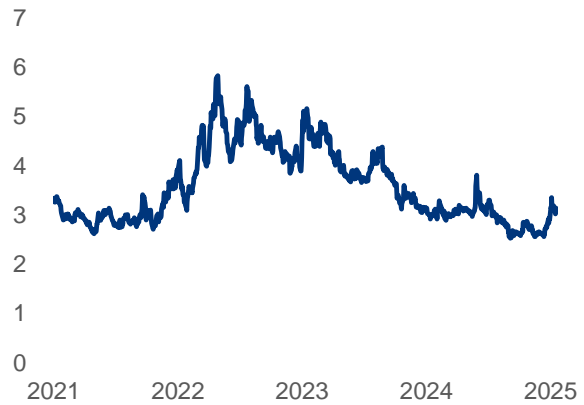
U.S. Treasury Yield Curve (%)



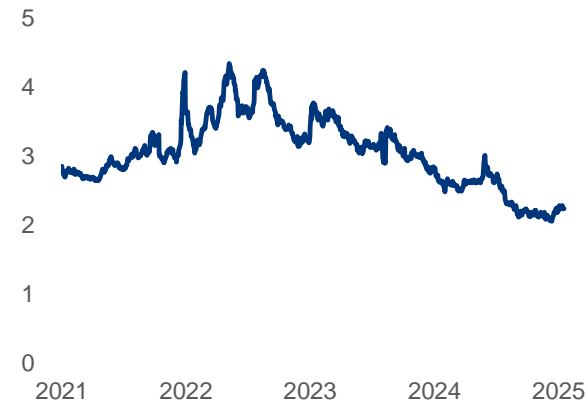
USD IG Credit Spread (%)



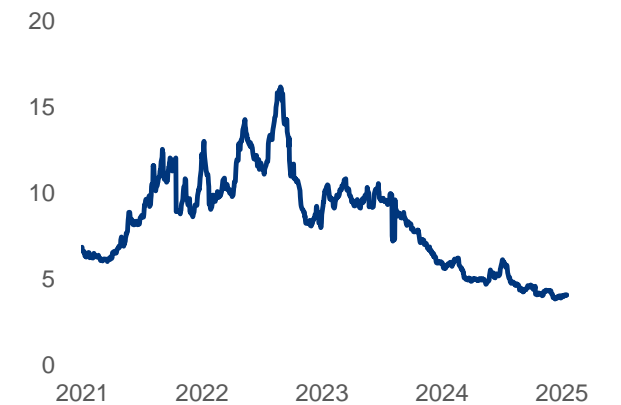
USD HY Credit Spread (%)



USD EM Credit Spread (%)



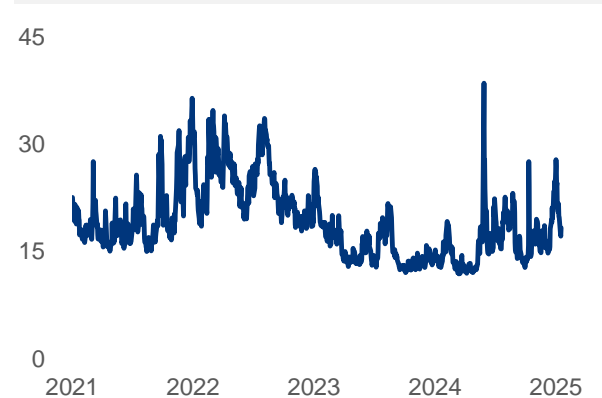
USD Asia Credit Spread (%)



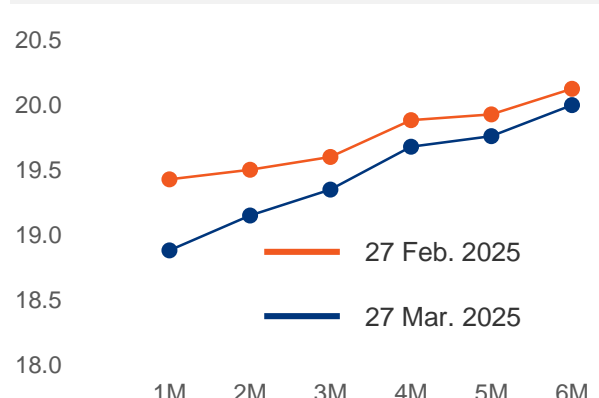
Source: Bloomberg, 27 Mar. 2025

Market Monitor

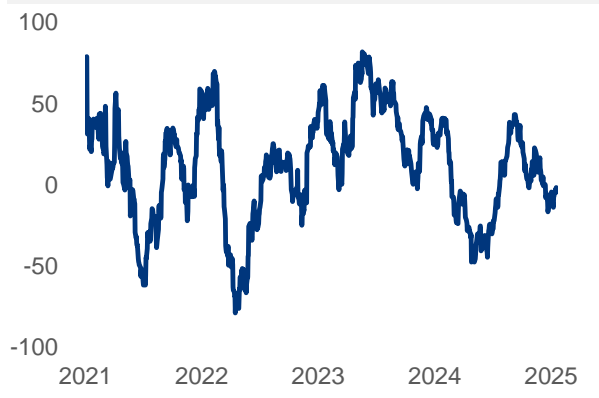
VIX Index



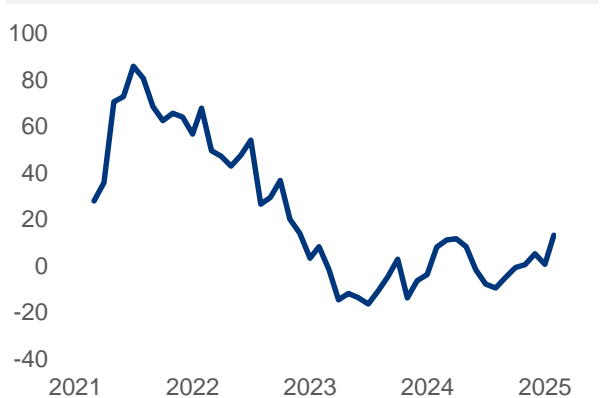
VIX Term Structure



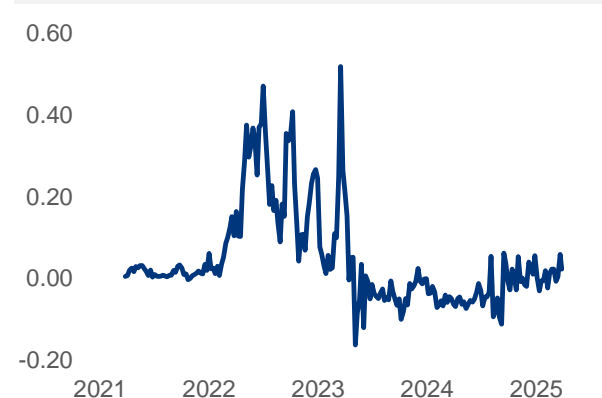
U.S. Citi Economic Surprise Index*



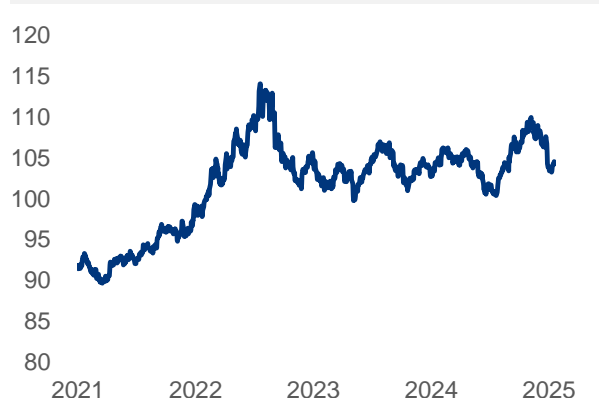
U.S. Citi Inflation Surprise Index*



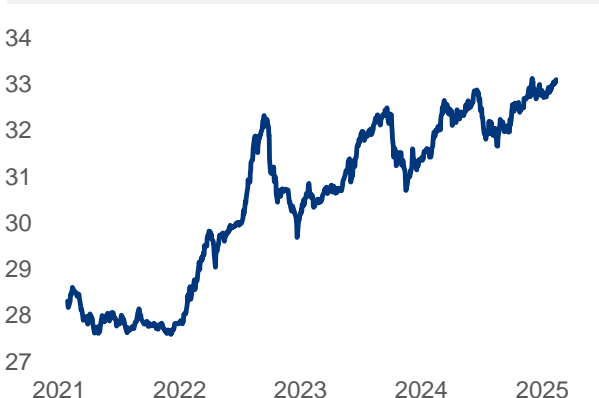
TED Spread (bps)



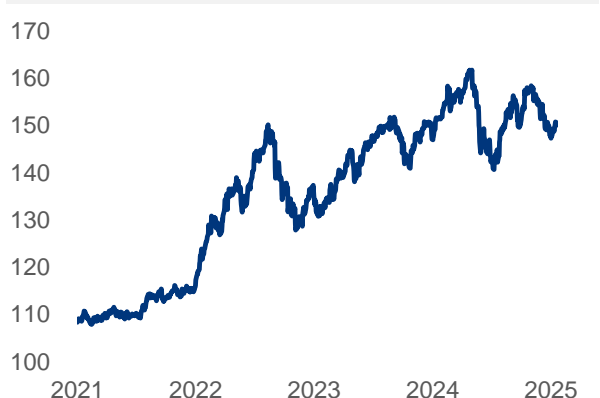
U.S. Dollar Index



USD to TWD



USD to JPY



Source: Bloomberg, 27 Mar. 2025; *The Citi Economic/Inflation Surprise Index measures the deviation between economic data/actual inflation and market expectations. A rising index indicates economic improvement/inflation exceeding market expectations.

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