



Global Markets Weekly Kickstart

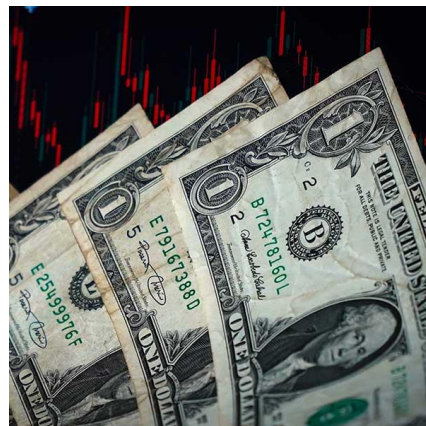
What Buffett Leaves the Market With

12 May 2025



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Exchange Rate Volatility Rivals the Stock Market, Is a New Plaza Accord Coming?



02 Market Recap

Economic and Earnings Data Beat Expectations, Risk Assets Rise



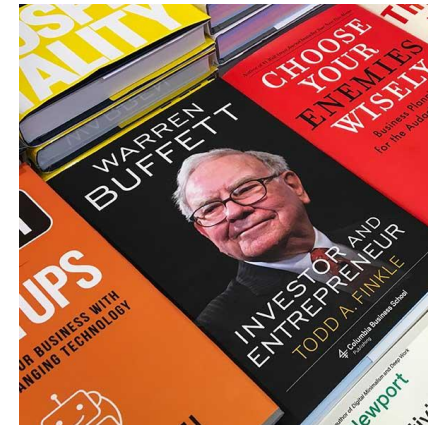
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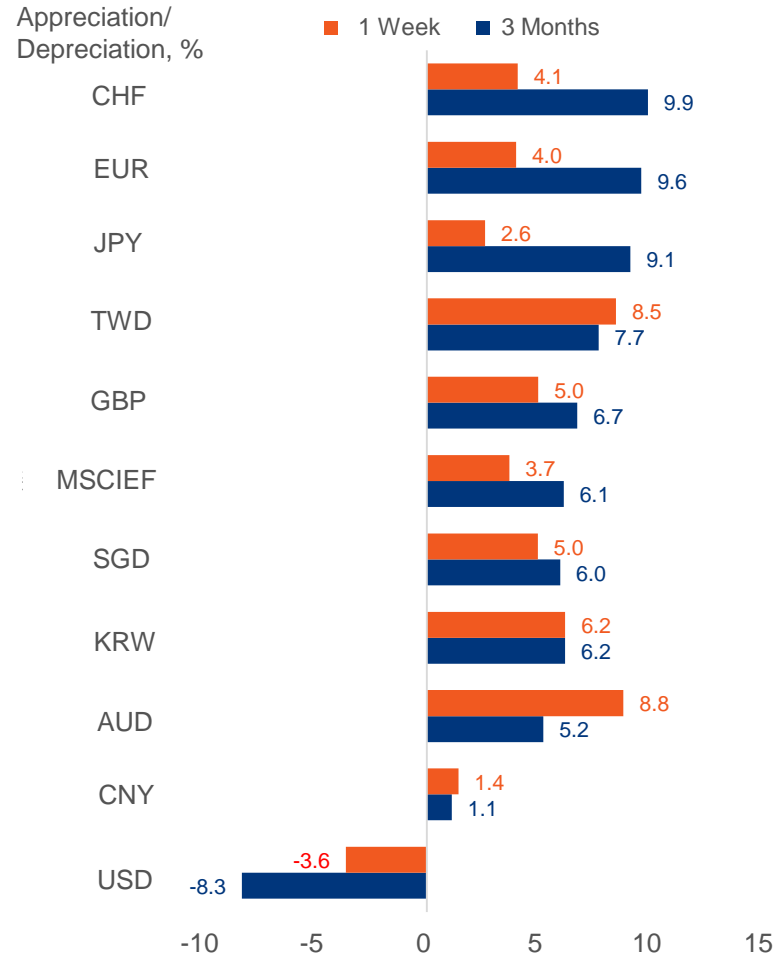
Selection of HK, U.S., Taiwan Equities, Bonds and Funds/ETFs

Exchange Rate Volatility Rivals the Stock Market, Is a New Plaza Accord Coming?

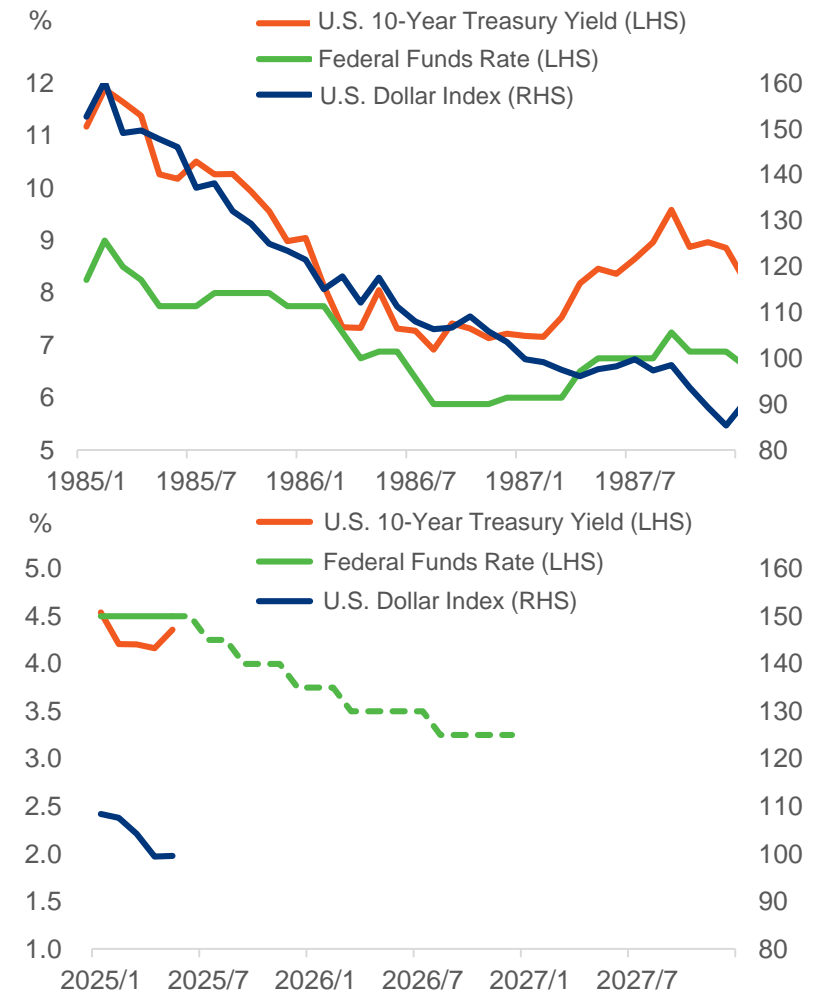
- ▶ The trade war has evolved from a tariff conflict in early April into a currency battle. The U.S. Dollar Index has depreciated by around 3% in recent months, fluctuating near the 100 mark. Non-U.S. currencies have rallied in unison, with Asian currencies seeing catch-up gains. Among them, the Australian Dollar and Taiwan Dollar have shown the most notable strength. The Taiwan Dollar reflects both the weakening U.S. Dollar and foreign capital inflows. More significantly, market sentiment driven by trade negotiations has triggered collective behaviors such as exporters selling foreign currency, insurance funds seeking hedges, and investors rushing to exchange money.
- ▶ Stephen Miran, Chair of the White House Council of Economic Advisers, proposed the so-called “Mar-a-Lago Accord,” which primarily advocates for U.S. debt control, a weaker U.S. Dollar, and the reshoring of manufacturing. The strategy emphasizes the use of tariffs to reduce the U.S. trade and fiscal deficits. Measures include higher tariffs, appreciation of non-U.S. currencies, shared defense expenditures, and bond substitution. This approach differs from the 1985 Plaza Accord, which focused mainly on sharply devaluing the dollar (over the 3 years following 1985, the dollar fell nearly 40% from peak to trough, and the Fed cut policy rates by more than 300 basis points). Current expectations suggest the Federal Reserve will cut rates by only 150 basis points through the end of 2026, indicating a limited backdrop for significant U.S. dollar depreciation. With the PBoC easing policy, any depreciation of the CNY may exert pressure on other Asian currencies, limiting their strength. As a result, major exchange rate volatility is likely to subside for the time being.

Source: Bloomberg, 6 May 2025

Recent currency volatility rivals that of the equity market



Mar-a-Lago Agreement ≠ Plaza Accord 2.0

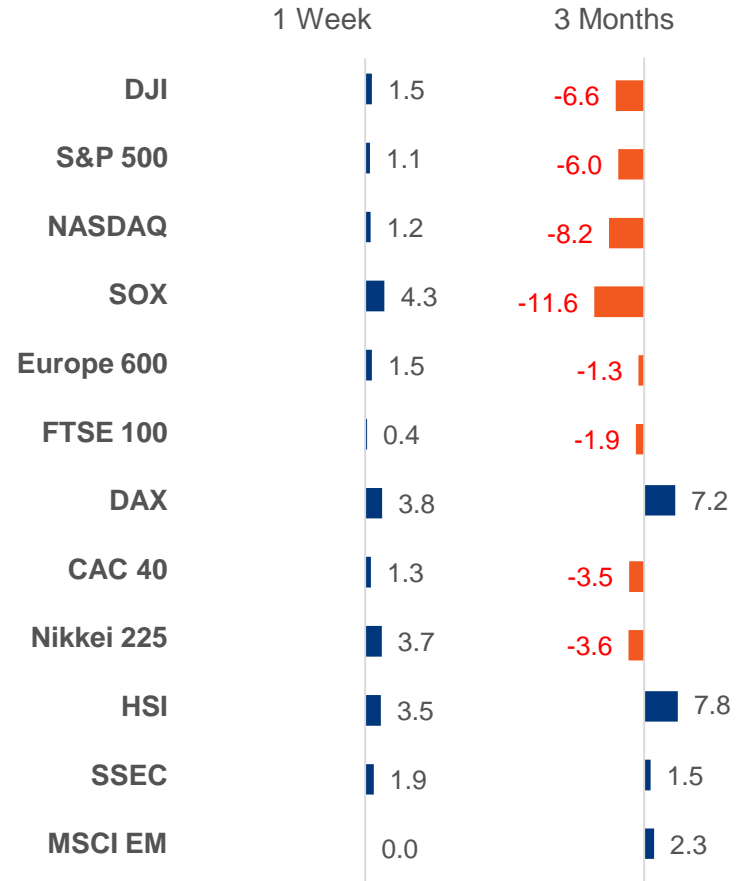


Market Recap

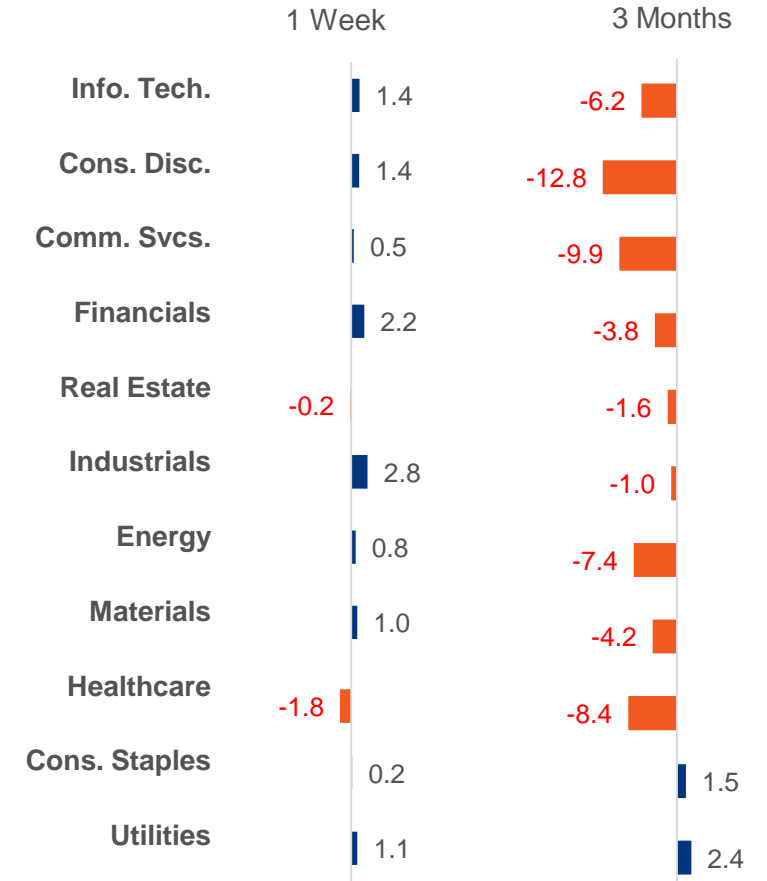
Economic and Earnings Data Beat Expectations, Risk Assets Rise

- U.S. non-farm payrolls rose by 177,000 in April, beating expectations of 133,000, while the unemployment rate held steady at 4.2%, signaling a resilient labor market. This helped ease concerns over the unexpected 0.3% contraction in U.S. Q1 GDP. The primary drag on GDP was the widening March trade deficit, which hit a record high of \$140.5 billion. The ISM Non-Manufacturing PMI for April came in at 51.6, up from March and above the forecast of 50.2, indicating continued growth in the services sector. Steady economic data and earnings, along with a newly reached U.S.-U.K. trade agreement, further boosted market sentiment. Under the deal, the U.K. will lower tariffs on U.S. goods from 5.1% to 1.8% and increase U.S. imports, while exports from the U.K. to the U.S. will still face a 10% tariff. U.S. tariffs on British steel products will drop from 25% to 0%, and car tariffs will be cut from 27.5% to 10%. These developments helped propel global equities higher, with SOX index and DAX index leading the gains.
- The U.S. and U.K. reached an agreement to waive tariffs on certain aircraft components, while a major British airline announced plans to order at least 30 Boeing jets, driving a surge in aviation stocks and leading industrials as top gainers. Trump plans to roll back the three-tier export controls on AI chips introduced under President Biden, boosting AI chipmakers and the broader semiconductor sector. Real estate stocks fell as rising long-term yields and mortgage rates dampened home sales. Higher borrowing costs discouraged homeowners from trading up, leading to weaker demand and a decline in Q1 profits across the sector.

Major Stock Indices Performance by Region (%)



US Stock Performance by Sector (%)

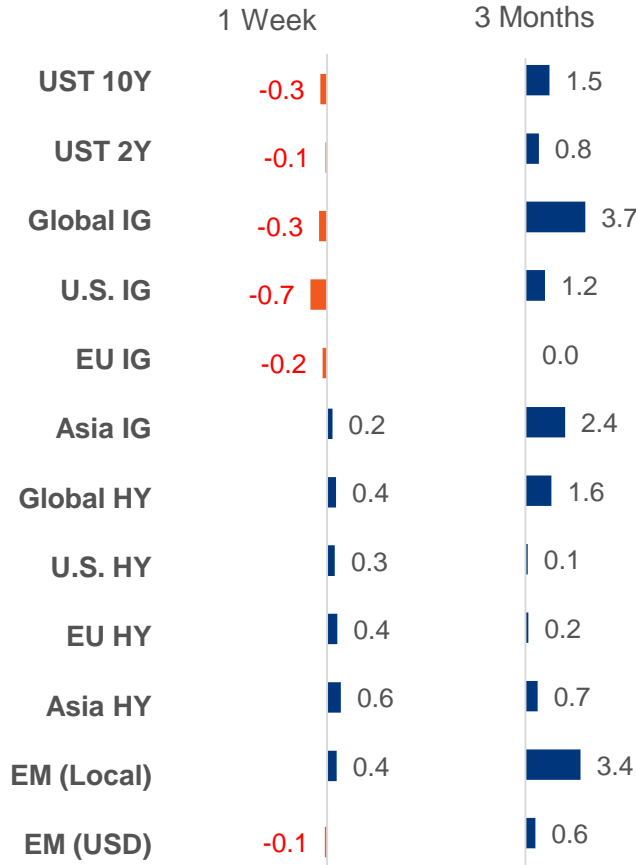


Source: Bloomberg, 8 May 2025

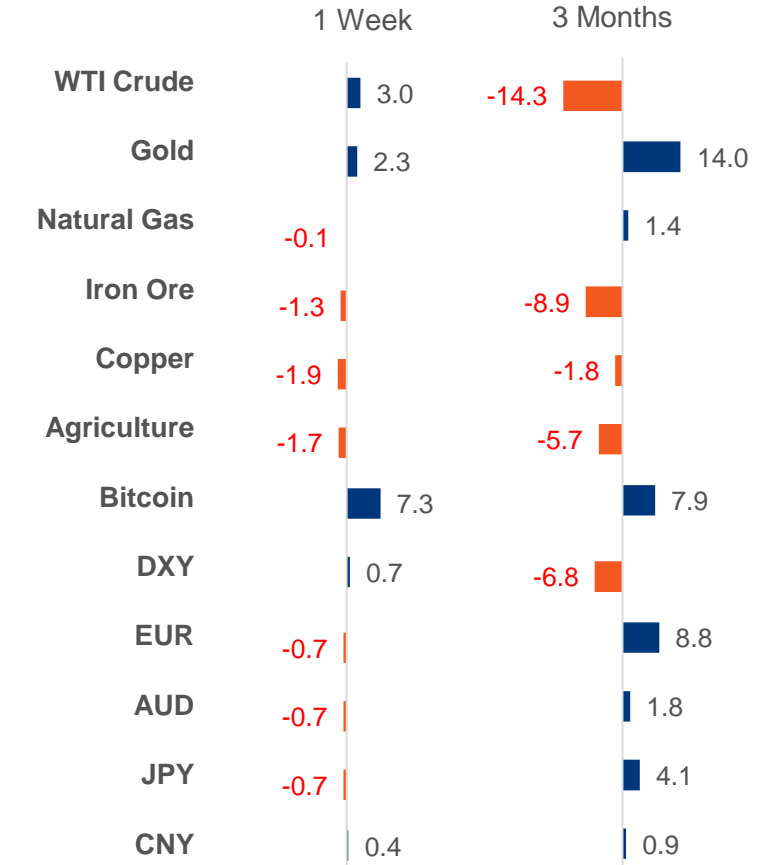
Fed Maintains Hawkish Stance with Rates Unchanged; PBoC Eases Policy via Rate and Reserve Cuts

- ▶ The U.S. economy remains solid, and as widely expected, the Fed kept its benchmark interest rate unchanged at 4.25%–4.50%. Chair Jerome Powell noted rising risks of stagflation and stated that if tariffs hinder progress toward inflation targets, rate cuts may be delayed. He reaffirmed the Fed's policy independence. Hopes that the Fed might adopt preemptive easing due to tariff pressures were dashed, with markets now projecting rate cuts to begin as early as July. U.S. Treasury yields edged slightly higher.
- ▶ Tariff headwinds have intensified downside risks for China's economy. The PBoC announced a package of easing measures, including: (1) Cut the 7-day reverse repo rate by 10 bps to 1.4%; (2) Lowered structural monetary policy tool rates by 25 bps; (3) Reduced the reserve requirement ratio for financial institutions by 50 bps; (4) Cut the personal housing provident fund loan rate by 25 bps, lowered minimum mortgage down payments, and expanded refinancing support for affordable housing; (5) Introduced a swap facility to support stock market liquidity through asset-backed pledging; (6) Strengthened financial sector capital adequacy and relaxed restrictions on equity investments. PBoC President Pan Gongsheng announced over CNY 1 trillion in liquidity support. The CSRC also pledged to encourage stable long-term capital inflows. Asian bonds rallied on the news. Meanwhile, the Bank of England cut rates by 25 basis points as expected, with Chairman Bailey signaling a cautious stance. The pound and euro weakened, while the U.S. dollar strengthened.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



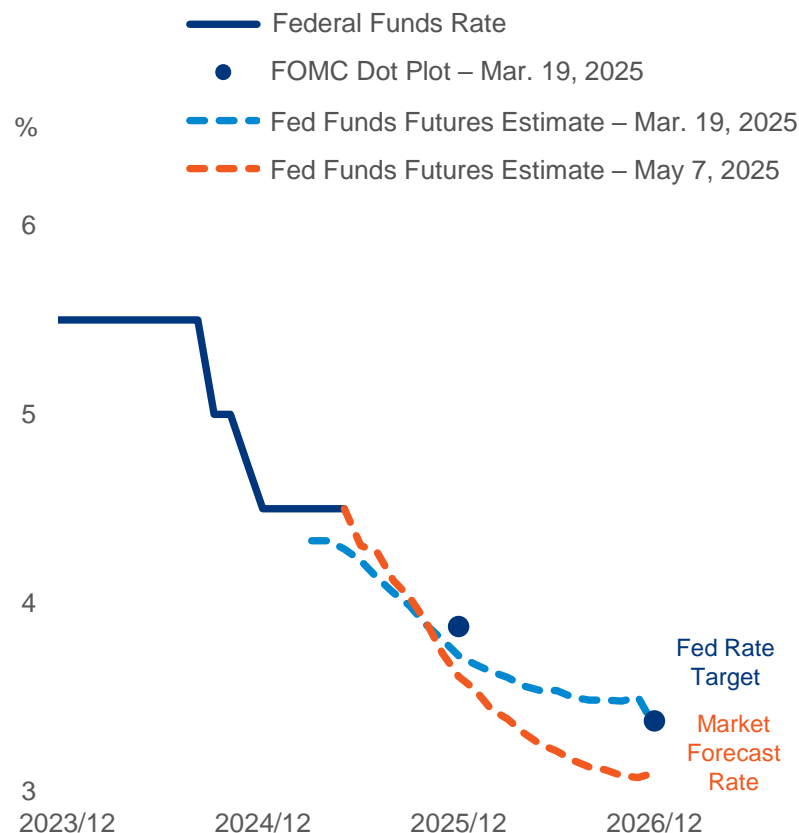
Source: Bloomberg, 8 May 2025

Inflation Pressures Persist; Fed Maintains Wait-and-See Approach

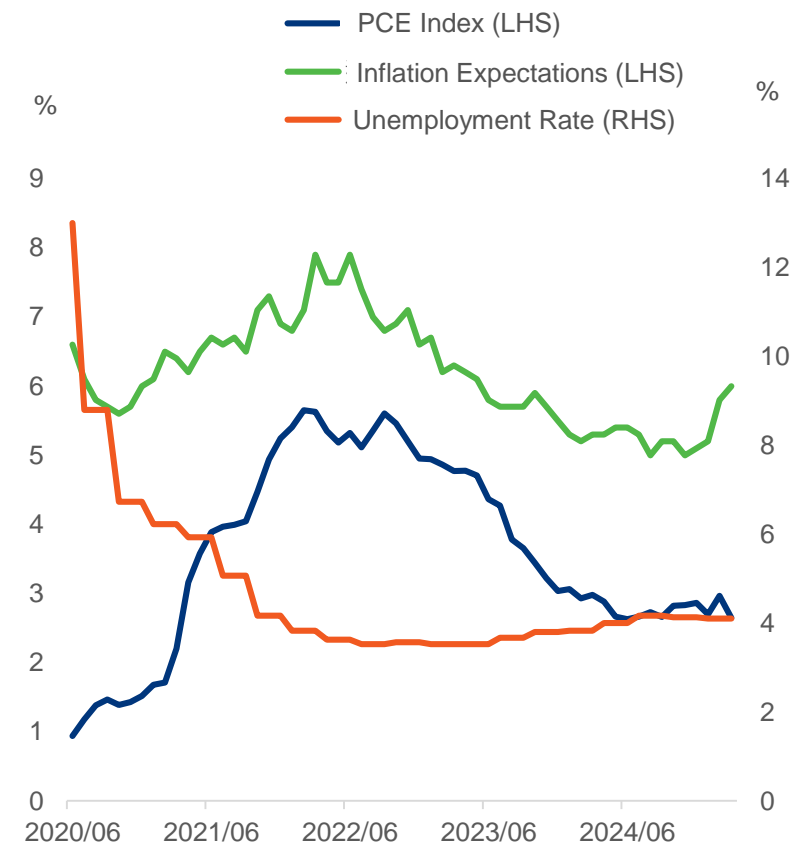
- ▶ On May 7, the Fed unanimously voted to keep its benchmark interest rate unchanged at 4.25%–4.50%, in line with market expectations. The accompanying statement reaffirmed that economic activity continues to grow at a solid pace, while noting recent volatility in net exports. The Fed emphasized that economic uncertainty has “further” increased and added language indicating that risks of rising inflation and higher unemployment have both grown. The statement also removed any mention of adjusting the pace of balance sheet reduction, signaling that the Fed will maintain the same pace as outlined in the previous meeting. This reflects a wait-and-see approach as the central bank monitors evolving economic conditions.
- ▶ The PCE Index has improved slightly in recent months, while the unemployment rate has remained low. However, inflation expectations continue to rise. Should labor market indicators deteriorate significantly, such as a notable increase in layoffs or a sharp rise in unemployment, the Fed may be prompted to initiate rate cuts swiftly. Fed Chair Jerome Powell emphasized there is no need to rush monetary policy adjustments. He cautioned that if upcoming tariff measures impede progress toward the inflation target, the timing of rate cuts could be delayed, effectively lowering the likelihood of preemptive easing. Powell also reiterated the Fed's policy independence. Hawkish commentary from the Fed pushed U.S. Treasury yields higher and widened interest rate differentials with non-U.S. economies, providing support for the U.S. dollar index..

Source: KGI

U.S. Monetary Policy Holds Steady as Expected



Stable Consumption and Employment Data; Fed Continues to Monitor Tariff Impact



Buffett's Investment Philosophy: Seek Undervalued Value Stocks with Improving Fundamentals

- ▶ At this year's Berkshire Hathaway shareholders meeting, Warren Buffett announced that he will hand over leadership to his successor, Greg Abel, by the end of the year—signaling this may be Buffett's final appearance at the annual gathering. He also shared his views on recent U.S. trade policies and the company's investment strategy. Buffett remarked, "Truly attractive opportunities appear only rarely. I believe that at some point in the future, a wave of opportunities will present itself to Berkshire, and we'll be glad to have cash on hand." This suggests he is currently holding off on large-scale investments, as he sees limited opportunities in today's equity markets.
- ▶ Using the Buffett Indicator, the ratio of the total U.S. stock market capitalization to U.S. GDP, as a gauge of market overheating, current readings show the metric has retreated from historical highs but still remains at relatively overvalued levels. Historically, when this indicator declines from a peak, value stocks have tended to outperform growth stocks. Given the current financial environment, this pattern appears consistent: tariff-related uncertainties have led companies to revise earnings estimates downward more conservatively and at a pace exceeding that of the broader economic slowdown. As a result, identifying undervalued value stocks presents a more aligned approach with Buffett's value investing philosophy, especially amid heightened volatility across equities, bonds, and currencies.

Sources: Bloomberg

Key Takeaways from Warren Buffett at This Year's Berkshire Hathaway Shareholders Meeting

1. Opposition to Protectionist Trade Policies

Buffett voiced strong opposition to using tariffs as a trade weapon, warning such missteps could harm U.S. relations with other countries. He advocates for mutually beneficial international trade.

2. Emphasis on Long-Term Equity Investing

The high cash and short-term investment position reflects a lack of attractive opportunities; the company stressed it will not invest merely to reduce cash holdings. Equity market volatility is normal. Investors are encouraged to focus on long-term goals. The firm will maintain long-term investments in Japan's five major trading houses.

3. Concerns Over the U.S. Fiscal Deficit

Concern was expressed over U.S. fiscal policy, citing that persistent deficits are unsustainable. Congress was urged to control spending and move toward a balanced budget.

4. Perspective on Foreign Currency Assets and Hedging

The company holds significant foreign currency-denominated securities. Borrowing in yen to invest in Japan, aimed at offsetting currency risk, is a first-time move, driven by low financing costs and long-term optimism about Japan. This is not a consistent policy.

Value Stocks Tend to Outperform Growth Stocks When the Buffett Indicator Declines

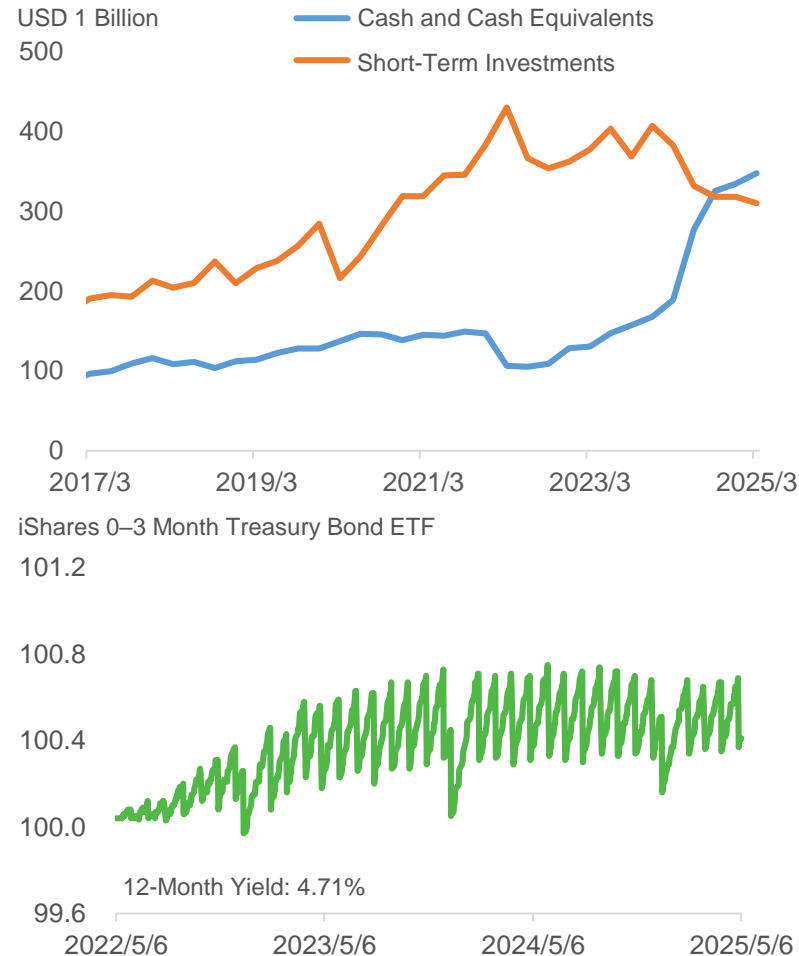


Short-Term Capital Parks for Yield; Strong Mid-to-Long-Term Outlook on Japanese Trading Houses

- Over the past two years, Berkshire Hathaway has been gradually reducing its short-term investment holdings, pushing its cash levels to historical highs. Amid heightened market volatility this year, investors may take cues from Berkshire's strategy of holding cash and short-term bonds to maintain investment flexibility. U.S. Treasury ETFs with maturities of 0–3 months are particularly attractive: their ultra-short duration shields them from interest rate risk, ensuring relatively stable net asset values over the medium to long term. Additionally, they offer solid yield returns. For investors already holding U.S. dollars, these instruments can serve as a temporary vehicle to earn interest. Alternatively, allocating to short-duration investment-grade bonds can help lock in yields and enhance capital efficiency.
- Warren Buffett has long been bullish on Japan's five major trading houses. Berkshire Hathaway issued yen-denominated bonds twice last year, in April and October, raising ¥263.3 billion in April and another ¥281.8 billion in October. This marked Berkshire's ninth yen bond issuance and its second-largest to date, surpassed only by the ¥430 billion debut issuance in September 2019. The funds helped expand its investments in the five trading firms, each of which has now agreed to raise Berkshire's ownership cap to 10%, paving the way for continued accumulation. Notably, all five firms currently trade at lower P/E ratios than the Nikkei 225 average of 17.3x, boast ROE levels higher than the index's 9.7%, and offer dividend yields exceeding the Nikkei's 2.32%, well aligned with Berkshire's value investing philosophy.

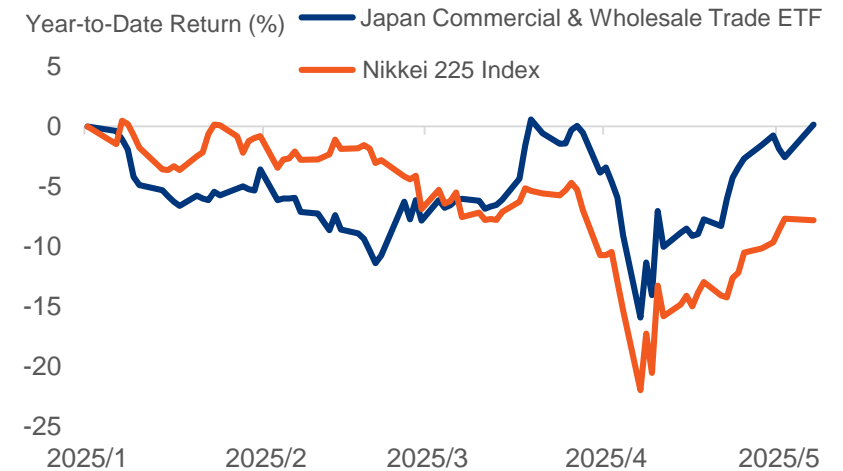
Sources: Bloomberg

Berkshire's Elevated Cash Levels Make Short-Term Treasuries a More Attractive Yield Play Than Cash



Berkshire Hathaway Favors and Continues to Increase Holdings in Japan's Five Major Trading Houses

Corp.	P/E (Times)	ROE (%)	Market Cap (Tn)	Dividend Yield (%)	Holdings Added, Last 4 Quarters (share)
Itochu Corp.	11.97	15.7	11.6	2.71	135,246,800
Marubeni Corp.	8.89	14.2	4.47	3.72	154,472,700
Mitsubishi Corp.	11.5	10.3	10.9	4.05	389,043,900
Mitsui & Co.	9.33	11.9	8.31	4.02	285,401,400
Sumitomo Corp.	7.86	12.4	4.41	3.84	112,459,500



Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ Trump's tariff policies have entered the negotiation phase, and there remains downside risk for the U.S. economy and corporate earnings. As such, we maintain a cautious mid-to-long-term outlook on U.S. equities. However, after the recent market correction, valuations have become more reasonable. In the short term, investors may consider selective exposure to sectors such as Consumer Discretionary, Industrials, Financials, and Technology. For long-term investors, a defensive allocation is advisable, focusing on sectors like Consumer Staples, Utilities, and Telecommunications, especially those tied to U.S. domestic demand, which tend to be more resilient. ◆ U.K. equities, which are relatively less affected by tariffs, have shown stronger relative performance. In the Eurozone, continued monetary easing and Germany's fiscal stimulus provide support for European markets. A staggered, buy-on-dips approach is suitable for medium- to long-term positioning. Japan's economy continues to improve, and both bank stocks and domestic demand-driven names are attractive on pullbacks. 	<p>Strategy: Prefer large-cap stocks, short-term focus on sectors with valuation appeal, such as Consumer Discretionary, Industrials, Financials, and Technology. For the medium to long term, maintain a tilt toward defensive sectors including Utilities, Telecom, and Consumer Staples.</p> <p>Regions: Japanese domestic demand and banking stocks; U.K. equities</p>
Bonds	<ul style="list-style-type: none"> ◆ If recession risks rise, long-term interest rates in the U.S. could decline, presenting an opportunity to moderately increase exposure to long-duration U.S. Treasury bonds. While longer durations offer greater capital gains potential, they also come with higher volatility. Investors should assess their individual risk tolerance accordingly. In the meantime, yields on short- to medium-term bonds remain attractive. During periods of rising Treasury yields, investors may consider locking in yields through staggered allocation. ◆ For investment-grade corporate bonds, companies with credit ratings of A or above are preferred, particularly leading firms within their industries. Sectors offering relatively attractive risk-adjusted spreads include Financials, Industrials, Energy, Utilities, and Communications. 	<p>Duration: Focus on long-duration U.S. Treasuries; lock in yields with quality mid- to short-term corporate bonds</p> <p>Types: Investment-grade debt led by large-cap corporations. Sector emphasis on Financials, Industrials, Energy, Utilities, and Communications</p>
Forex	<ul style="list-style-type: none"> ◆ Trump has signaled support for a weaker U.S. dollar, leading to a sharp appreciation of non-dollar currencies. As panic in the FX market begins to subside, the Federal Reserve's hawkish stance has kept the dollar fluctuating around the 100 level in the near term. However, policy uncertainty in the U.S. continues to undermine confidence in the U.S. economic outlook and dollar-denominated assets. As a result, the U.S. dollar index is expected to weaken over the medium to long term. ◆ In the short term, after a strong rally, non-dollar currencies such as the euro and yen have entered a consolidation phase. 	<p>USD: Weak Bias, Sideways Consolidation</p> <p>EUR & JPY: High-Level Volatility After Strong Gains</p>
Commodity	<ul style="list-style-type: none"> ◆ Trump's inconsistent tariff policy has heightened risk aversion. Combined with signs of economic slowdown, inflation concerns, rising fiscal deficit pressures, and continued gold purchases by central banks and institutional investors, gold prices still have room to rise. Investors may consider gradually building positions on pullbacks. 	<p>Gold: Bullish Bias</p>

Domestic Demand Policies Support Double-Digit Growth in Express Delivery Sector

With External Trade Uncertainty, China Prioritizes Domestic Demand

- Amid unstable external trade relations and weakening export demand, China has elevated domestic consumption to the top of its economic agenda this year. Recently, the central government has rolled out and expanded various policies to stimulate consumption, such as expanding the scope of its trade-in policy for consumer goods.

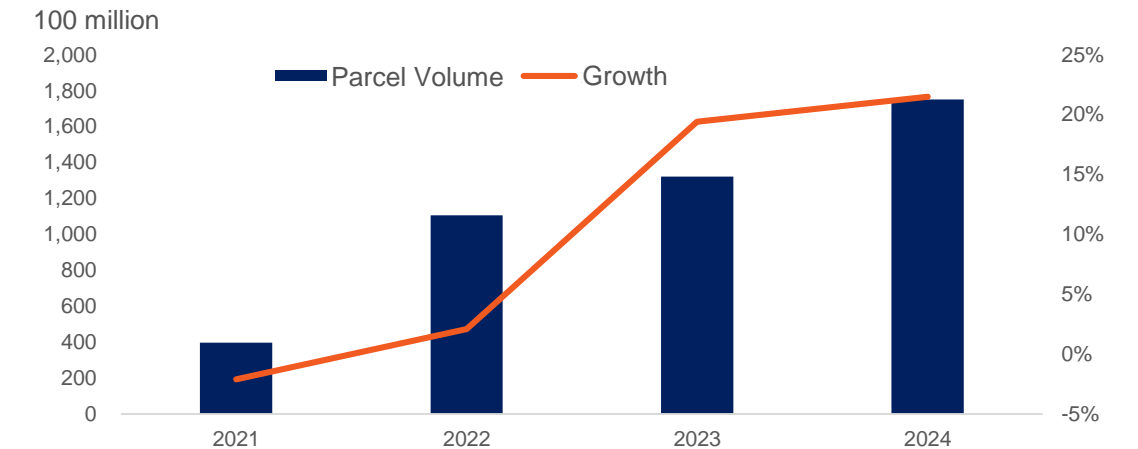
Evolving Consumer Behavior Drives Express Delivery Demand

- Shifting consumption patterns are further supporting the growth of the express delivery sector. Emerging models such as livestream e-commerce and social commerce are accelerating the trend toward “smaller parcel sizes,” boosting overall shipment volumes. This trend also enhances the competitive edge of express delivery companies equipped with automated sorting technologies. Market expectations point to a 10–15% YoY increase in parcel volume this year, largely underpinned by rising online shopping demand. In the first quarter, China’s national online retail sales rose 7.9% YoY, outpacing the 4.6% growth in total retail sales.

Intense Industry Competition May Be Bottoming Out

- As of 2024, approximately 80% of parcel volume is concentrated among six major market players. While China’s express delivery industry previously went through a period of intense price competition, we believe the worst may now be behind us. Average delivery prices appear to be stabilizing, with the National Postal Administration projecting a modest 2% decline in average express rates this year, an improvement from the 6% drop recorded in 2024.

Online Retail Sales Outperform Broader Market Growth



S. F. Holding Co Ltd. (6936)

Closing Price HK \$39.5

Target Price HK \$45

S. F. Holding Co., Ltd. offers express courier services. The Company provides logistics, order tracking, supply chain management, warehousing, and other services.

■ Financial Performance on a Steady Uptrend

As a leading logistics provider, SF Express has continued to deliver improving financial performance. We project a CAGR of 10% in revenue over the next three years, driven primarily by effective cost control initiatives. These include the automation of warehouse operations and optimization of transit hubs, which are expected to continue reducing costs and enhancing operational efficiency. Additionally, the company's ROE is projected to rise steadily, reflecting improving profitability and more efficient capital utilization.

■ Tariff Impact Largely Priced In

SF Express acquired Kerry Logistics (636) in 2021, prompting market concerns about potential drag from U.S. reciprocal tariffs on its international operations. However, we believe the impact is limited. First, revenue from the U.S. market accounts for only a low single-digit percentage of total sales. Second, the share price has gradually recovered following the tariff announcement, suggesting that the market has largely priced in the associated risks. Third, as indirect exports increase, Kerry Logistics is positioned to see stronger growth in other regions, offering renewed momentum for SF Holding's international expansion.

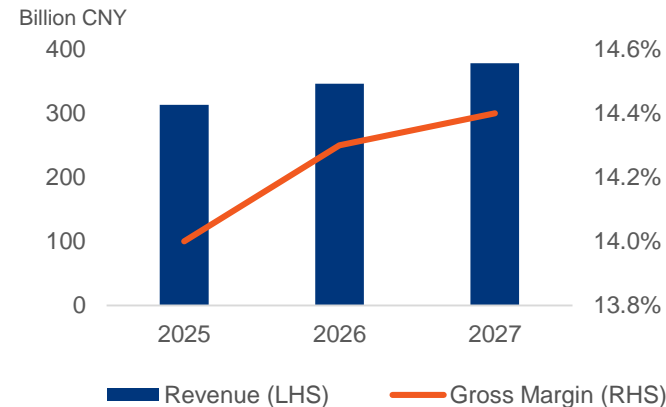
■ Valuation Appears Attractive

We set a target price of HK\$45 for SF Express, representing approximately 14% upside from the current share price. This target corresponds to an EV/EBITDA multiple of 7.5x, in line with the historical average valuation of its A-share counterpart, SF Holding (002352.SZ).

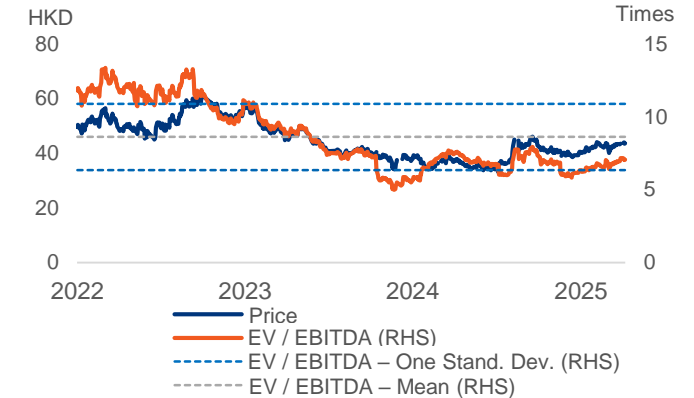
Financials

	2022	2023	2024	2025F	2026F
Net Income (1B CNY)	267	258	284	313	346
NI YoY(%)	29.1	-3.4	10.1	10.1	10.4
EPS(CNY)	1.3	1.7	2.1	2.3	2.8
EPS YoY(%)	36.6	33.9	24.1	10.9	17.5
ROA(%)	7.3	9.2	11.0	12.0	12.9

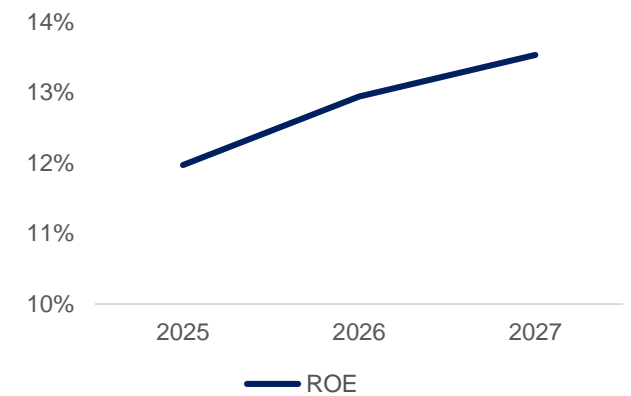
3-Year Rev. & Gross Margin



3-Year EV/EBITDA & Price



3-Year ROE



ZTO Express Cayman Inc. (2057)

Closing Price HK \$148.1

Target Price HK \$183

ZTO Express (Cayman) Inc. operates as an express delivery company. The Company provides express delivery service through their nationwide network, as well as other value-added logistics services. ZTO Express serves customers globally.

■ Focused on the China Market, the Company Continues to Target Market Share Gains

China's express delivery industry is highly concentrated, with the top six players accounting for 80% of total parcel volume. ZTO Express holds a 19.4% market share, making it a leading player in the sector. The company remains optimistic about its volume growth this year, projecting a YoY increase of 20–24%, outpacing the industry's average growth rate of 15%. As a result, its market share may rise to nearly 21%.

■ Data-Driven Cost Optimization Enhances Efficiency and Gross Margin

In recent years, ZTO Express has continued to drive technological innovation, such as implementing automated sorting lines and using big data to monitor transportation, in efforts to reduce costs. In 2024, cost per parcel fell by CNY 0.04 or 6% YoY. Market expectations suggest a similar level of cost reduction may be sustained into 2025, helping to support profitability even if per-parcel revenue declines. ZTO's gross margin has remained stable at around 30%.

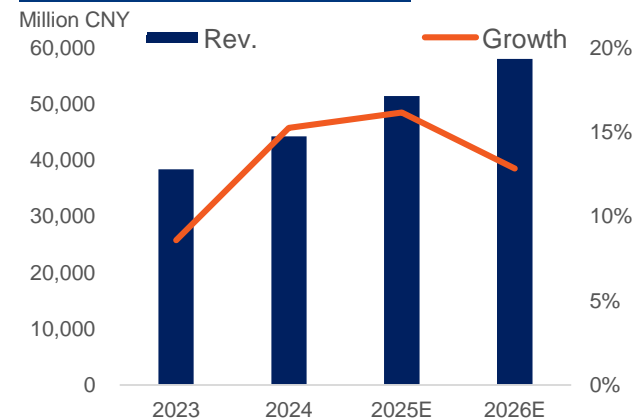
■ Attractive Valuation at One Standard Deviation Below Average; Demand Recovery May Drive Re-Rating

ZTO Express is currently trading at approximately 6.5x EV/EBITDA, about one standard deviation below its two-year average, implying an undemanding valuation. With China's economy shifting toward domestic demand-driven growth, express delivery volumes are expected to remain solid, potentially easing pricing pressure. A return to its historical average valuation of 8x EV/EBITDA implies a target price of HK\$183, representing approximately 24% upside.

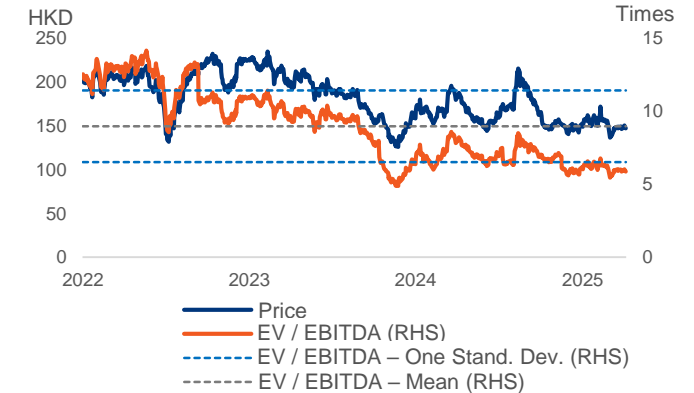
Financials

	2022	2023	2024	2025F	2026F
Net Income (1B CNY)	35.4	38.4	44.3	51.1	57.5
NI YoY(%)	16.3	8.6	15.3	15.3	12.5
EPS(CNY)	8.5	10.9	12.2	12.6	14.3
EPS YoY(%)	40.0	27.6	11.9	3.0	14.2
ROA(%)	13.3	15.4	14.5	15.5	15.8

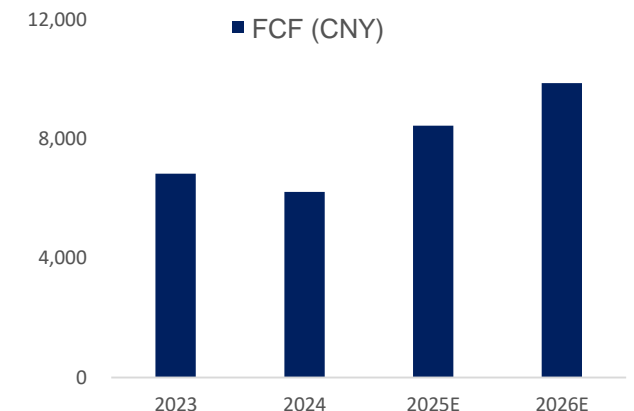
Revenue



3-Year EV/EBITDA & Price



Free Cash Flow



Source: Bloomberg



Value Investing Is the Cornerstone of Long-Term Returns

- ▶ At its May meeting, the FOMC kept the federal funds rate unchanged at 4.25%–4.5%, pausing rate cuts as expected. Fed Chair Jerome Powell emphasized there's no urgency to adjust policy, and the Fed won't lower rates preemptively to counter tariffs. While tariffs could raise inflation, they may also slow growth and increase unemployment. Powell acknowledged the risk of persistent inflation but noted some effects may be temporary.
- ▶ In April, the U.S. ISM Services PMI rose to 51.6 from March's nine-month low of 50.8, surpassing market expectations of 50.2.
- ▶ The U.S. trade deficit widened to a record \$140.5 billion in March, exceeding consensus estimates of a \$137 billion shortfall. Imports surged 4.4% to an all-time high of \$419 billion, as businesses front-loaded purchases in anticipation of additional tariffs in April.
- ▶ From 1965 to 2024, Berkshire Hathaway has delivered a 5,502,284% total return, far exceeding the S&P 500's 39,054%, with an annualized return of 19.9% vs. the S&P's 10.4%.
- ▶ Key Takeaways from the 2025 Berkshire Hathaway Shareholders Meeting:
 - Buffett will step down as CEO by year-end, with Greg Abel set to take over; Buffett has no plans to sell any shares.
 - Not all investments will revolve around AI.
 - Strong support for global trade; firmly opposed to trade wars.
 - Will continue to hold a large cash position while waiting for the right opportunities.
 - April's sharp market swings are viewed as normal volatility, rational decision-making is essential, not emotional reaction.
 - Buffett warned about unsustainable U.S. fiscal deficits but remains bullish on America's long-term outlook.
 - Berkshire will maintain and possibly increase its Japanese holdings, even if Japan raises rates.

Source: Bloomberg

Berkshire Hathaway Latest Holdings

	Symbol	Holdings	Stake	Mkt. price	Value	Pct of portfolio
TOTAL					\$277,867,653,016	100.0%
Apple Inc	AAPL	300,000,000	2.0%	\$197.49	\$59,247,000,000	21.3%
American Express Co	AXP	151,610,700	21.6%	\$283.66	\$43,005,891,162	15.5%
Coca-Cola Co	KO	400,000,000	9.3%	\$71.17	\$28,468,000,000	10.2%
Bank of America Corp	BAC	680,233,587	9.0%	\$41.60	\$28,297,717,219	10.2%
Chevron Corp	CVX	118,610,534	6.8%	\$137.04	\$16,254,387,579	5.8%
Moody's Corp	MCO	24,669,778	13.7%	\$471.67	\$11,635,994,189	4.2%
Occidental Petroleum Corp	OXY	264,941,431	28.2%	\$41.44	\$10,979,172,901	4.0%
Kraft Heinz Co	KHC	325,634,818	27.5%	\$28.49	\$9,277,335,965	3.3%
Chubb Ltd	CB	27,033,784	6.7%	\$288.97	\$7,811,952,562	2.8%
Mitsubishi Corp	8058:TYO	389,043,900	9.7%	\$18.93	\$7,363,304,402	2.6%
Itochu Corporation	8001:TYO	135,246,800	8.5%	\$51.21	\$6,926,330,397	2.5%
Mitsui & Co	8031:TYO	285,401,400	9.8%	\$19.88	\$5,674,035,323	2.0%
Davita Inc	DVA	35,142,479	45.7%	\$143.63	\$5,047,514,259	1.8%
VeriSign, Inc	VRSN	13,289,880	14.2%	\$285.21	\$3,790,406,675	1.4%
Kroger Co	KR	50,000,000	7.6%	\$71.81	\$3,590,500,000	1.3%
Visa Inc	V	8,297,460	0.4%	\$351.27	\$2,914,648,774	1.0%
Marubeni Corp	8002:TYO	154,474,700	9.3%	\$18.66	\$2,882,333,247	1.0%
Sumitomo Corp	8053:TYO	112,459,500	9.3%	\$24.91	\$2,800,920,648	1.0%
BYD Co. Ltd	BYDDF	54,200,142	4.4%	\$49.90	\$2,704,587,086	1.0%
Sirius XM Holdings Inc	SIRI	119,776,692	35.4%	\$21.72	\$2,601,549,750	0.9%
Mastercard Inc	MA	3,986,648	0.4%	\$567.12	\$2,260,907,814	0.8%
Amazon.com Inc	AMZN	10,000,000	0.1%	\$192.08	\$1,920,800,000	0.7%
Aon PLC	AON	4,100,000	1.9%	\$357.11	\$1,464,151,000	0.5%
Capital One Financial Corp	COF	7,450,000	1.9%	\$189.50	\$1,411,775,000	0.5%
Domino's Pizza Inc	DPZ	2,382,000	7.0%	\$476.82	\$1,135,785,240	0.4%
T-Mobile Us Inc	TMUS	4,350,000	0.4%	\$247.49	\$1,076,581,500	0.4%
Constellation Brands Inc	STZ	5,624,324	3.2%	\$191.39	\$1,076,439,370	0.4%
Citigroup Inc	C	14,639,502	0.8%	\$71.64	\$1,048,773,923	0.4%
Ally Financial Inc	ALLY	29,000,000	9.4%	\$33.50	\$971,500,000	0.3%
Liberty Live Series C	LLYVK	10,917,661	17.1%	\$74.61	\$814,566,687	0.3%
Charter Communications Inc	CHTR	1,991,759	1.4%	\$404.41	\$805,487,257	0.3%
Liberty Formula One Series C	FWONK	6,801,360	3.1%	\$93.91	\$638,715,718	0.2%
Nu Holdings Ltd	NU	40,180,168	0.8%	\$12.80	\$514,306,150	0.2%
Louisiana-Pacific Corp	LPX	5,664,793	8.1%	\$90.36	\$511,870,695	0.2%
Liberty Live Series A	LLYVA	4,986,588	19.5%	\$73.71	\$367,561,401	0.1%
Heico Corp Class A	HEIA	1,049,687	1.3%	\$212.07	\$222,607,122	0.1%
Pool Corp	POOL	598,689	1.6%	\$301.64	\$180,588,550	0.1%
NVR Inc	NVR	11,112	0.4%	\$7,227.75	\$80,314,758	0.0%
Diageo PLC	DEO	227,750	0.0%	\$115.40	\$26,282,350	0.0%
Jefferies Financial Group Inc	JEF	433,558	0.2%	\$50.36	\$21,833,981	0.0%
Lennar Corp Class B	LEN.B	152,572	0.5%	\$104.00	\$15,867,488	0.0%
Liberty Latin America Series A	LILA	2,630,792	6.4%	\$4.67	\$12,285,799	0.0%
Atlanta Braves Holdings Inc Series C	BATRK	223,645	0.4%	\$40.51	\$9,059,859	0.0%
Liberty Latin America Series C	LILAK	1,284,020	0.8%	\$4.68	\$6,009,214	0.0%
Berkshire Market Capitalization					\$1,105,592,000,731	
Berkshire Cash as of 31 Mar 25: \$347.7 billion						

Moody's Corporation (MCO)

Closing Price	US \$470.67	Target Price	US \$520		
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Moody's Corporation is a credit rating, research, and risk analysis firm. The Company provides credit ratings and related research, data and analytical tools, quantitative credit risk measures, risk scoring software, and credit portfolio management solutions and securities pricing software and valuation models.

■ **Strong Outlook for Bond Issuance**

According to projections, over \$4 trillion in debt is expected to mature between 2025 and 2028 across the United States, Europe, the Middle East, and Africa. This wave of maturities is anticipated to drive refinancing and new bond issuance activity, providing Moody's with a stable and predictable revenue stream that is likely to support continued growth in its credit ratings and financial analytics business.

■ **Launch of Independent Risk Assessment Solution**

MSCI and Moody's recently announced a strategic partnership to jointly launch the first large-scale independent risk assessment solution for private credit investments. This solution integrates MSCI's extensive private capital data with Moody's EDF-X credit risk model to deliver transparent, third-party credit risk evaluations for companies and financing instruments. As the private credit market continues to expand rapidly, the collaboration aims to provide investors with standardized tools for credit risk benchmarking, investment decision support, and portfolio management.

■ **Earnings Beat Expectations**

In Q1 of fiscal year 2025, revenue grew 8% YoY to \$1.92 billion, surpassing market expectations by \$40 million. Non-GAAP earnings per share came in at \$3.83, exceeding the consensus estimate of \$3.54 by \$0.29. Despite the strong quarterly performance, it lowered its full-year 2025 guidance. It now expects mid-single-digit percentage revenue growth and revised its adjusted operating margin forecast downward to a range of 49% to 50%.

■ **Valuation Consensus**

The 12-month average target price on Bloomberg is USD 499.63, with a high estimate of USD 572 and a low of USD 420.

Source: Bloomberg

1-Year Price

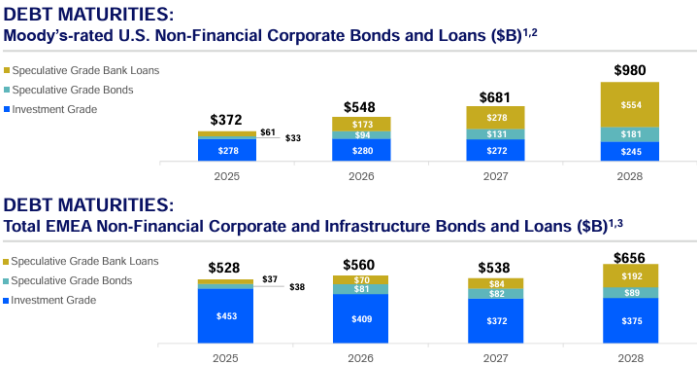


Financials

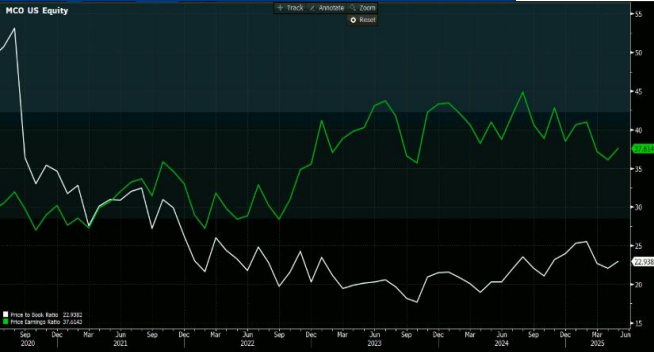
	2022	2023	2024	2025F	2026F
Revenue Growth(%)	-12.1	8.2	19.8	4.5	8.2
EBITDA (%)	44.3	45.4	52.2	49.1	50.2
EPS (USD)	7.63	9.08	12.55	13.63	15.4
Net Profit Margin(%)	25.8	28.3	32.4	32.6	33.7

Source: Bloomberg; 2025/26F are market estimates

Scale of Bonds & Maturities



P/E & P/B



Chubb Ltd. (CB)

Closing Price US \$289.88

Target Price US \$305

Chubb Limited operates as a property and casualty insurance company. The Company provides commercial and personal property, casualty, and personal accident and supplemental health insurance, reinsurance, and life insurance to a diverse group of clients.

■ Premium Increases Expected

Rising raw material costs due to tariffs, coupled with an increase in natural disasters and claim risks across North America since the beginning of the year, are expected to push up property replacement costs. These inflationary pressures are likely to support premium increases in the company's property insurance lines, which could further drive revenue growth, particularly in a favorable underwriting environment.

■ Strategic Expansion in the Asian Market

It has acquired Liberty Mutual's operations in Thailand and Vietnam, which generated \$275 million in premium income in fiscal year 2024. This move strengthens its presence in the high-growth Asia-Pacific insurance market. The expansion not only diversifies the company's geographic revenue mix but also positions it to capture rising insurance demand from the growing middle class in Asia's emerging markets.

■ Earnings Beat Expectations

In Q1 of fiscal year 2025, core operating earnings per share came in at \$3.68, surpassing market expectations of \$3.23. Net premiums written increased 3.6% YoY to \$12 billion, beating consensus by \$780 million. Annualized ROE was 8.2%, while core operating return on tangible equity reached 13%, and core operating ROE was 8.6%.

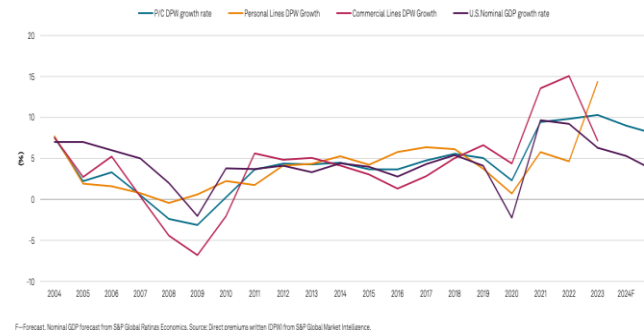
■ Valuation Consensus

The 12-month average target price on Bloomberg is USD 306.91, with a high estimate of USD 340 and a low of USD 263.

1-Year Price



Property & Casualty Insurance Market Growth



Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	10.8	14.8	10.1	6.7	6.8
Op. Ratio	18.6	21.5	21.7	14.8	17.2
EPS (USD)	15.37	21.80	22.20	21.34	25.56
Net Profit Margin(%)	14.8	17.8	16.3	14.4	16.1

Source: Bloomberg; 2025/26F are market estimates

P/E & P/B



Source: Bloomberg



Broad Market Pulls Back After Rally; Taiwan Dollar Surge Eases, Focus Turns to AI-Themed Stocks

► Support Holds at Lower Levels; Breakout Above Gap Requires Volume Confirmation

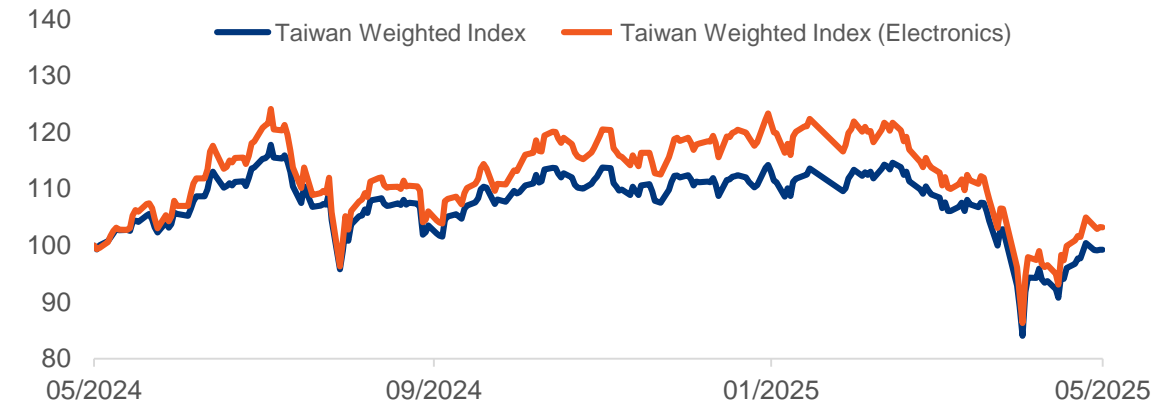
Taiwan stocks traded sideways last week. On Tuesday, the market opened lower, breaking below the 5-day moving average and briefly dipping to 20,349 points. However, as the Taiwan Dollar reversed from gains to losses against the U.S. dollar, the broader market recovered some of its losses and reclaimed the 5-day line. From a technical perspective, Wednesday saw a higher open followed by a retreat to near flat levels. Still, with the 10-day and 20-day moving averages trending upward, downside support remains firm. As long as the May 2 bullish gap low at 20,331 holds, there remains potential for further upward movement.

► Taiwan Dollar Reverses Gains; AI-Themed Stocks in Focus

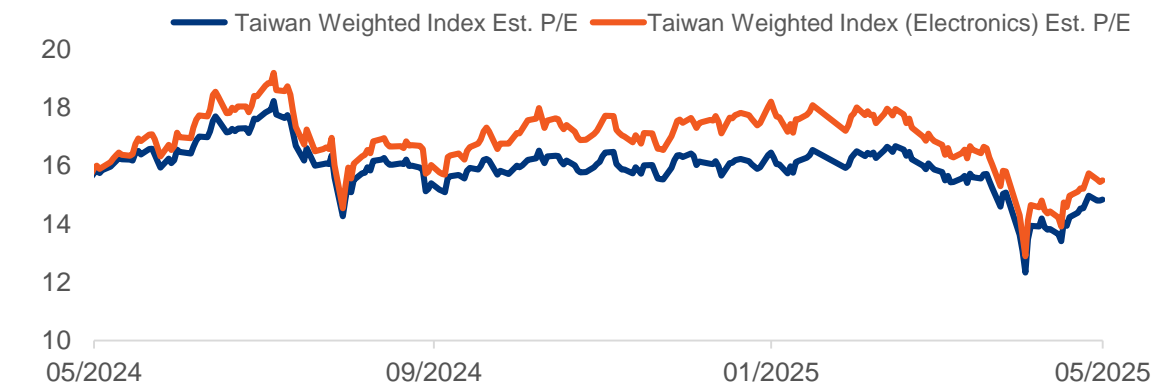
Last week's Taiwan market action was driven largely by companies with strong April revenues and robust Q1 earnings, which remained the focus of investor attention. Recently rebounding AI-related stocks exhibited relatively healthy consolidation and volume control, continuing to serve as key indicators for market bulls. However, caution is advised for high-flying sectors such as security surveillance, software & IT services, and gaming, which may see volatility at elevated levels. The Taiwan Dollar reversed from losses to gains last week; investors should be mindful of near-term fluctuations in Taiwan Dollar, sensitive sectors like airlines and travel agencies. Meanwhile, food and construction/property stocks displayed stable volume and price action, offering potential entry points on pullbacks. As the Taiwan Dollar's sharp appreciation trend appears to have paused, this may support overall market stabilization and create short-term trading opportunities. Tactically, focus should remain on fundamentally strong names with positive earnings or revenue momentum, especially those showing relative strength and holding above key moving averages.

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

Index, 8 May 2024 = 100



Index Est. P/E



ITEQ Corp. (6213 TT)

ITEQ Corporation manufactures and markets prepregs and copper clad laminates for the printed circuit board industry. The Company mainly sells its products overseas.

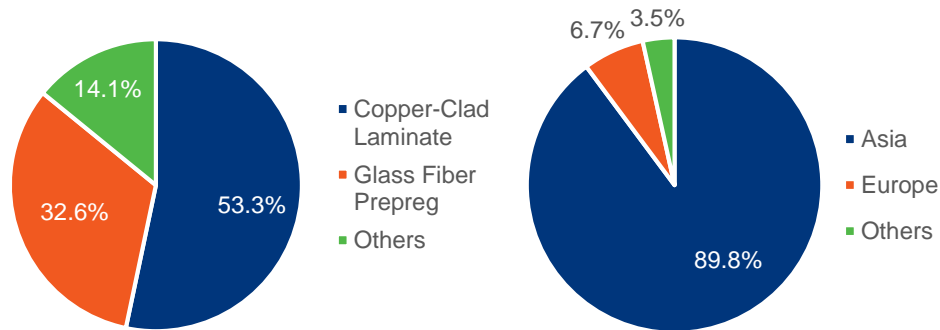
■ 1Q25 Earnings Beat Expectations

Driven by increased shipments of general-purpose servers, edge AI servers (M7), and graphics cards, plant utilization reached 75% in the quarter. Revenue declined 1.1% QoQ but rose 23% YoY to NT\$7.58 billion, surpassing expectations by 6%. We estimate that AI servers, M7, and M6+ models accounted for over 10%, 5–6%, and 23–24% of total sales, respectively. The improved product mix led to better-than-expected gross margins. Within the mix, infrastructure-related revenue rose 2% QoQ and 31% YoY, accounting for 66% of total sales, while automotive revenue declined 11% QoQ but grew 11% YoY, making up 18% of total revenue.

■ 2Q25 Revenue Expected to Grow Double Digits; No Tariff Impact Seen

General-purpose servers and AI servers (GB200, edge AI) are expected to continue posting sequential growth in 2Q. Consumer-facing products such as AI PCs and graphics cards (accounting for 3–4% of revenue) are also likely to trend higher. Automotive-related revenue is expected to remain flat QoQ.

Revenue Sources and Regions



Source: Bloomberg

Financials

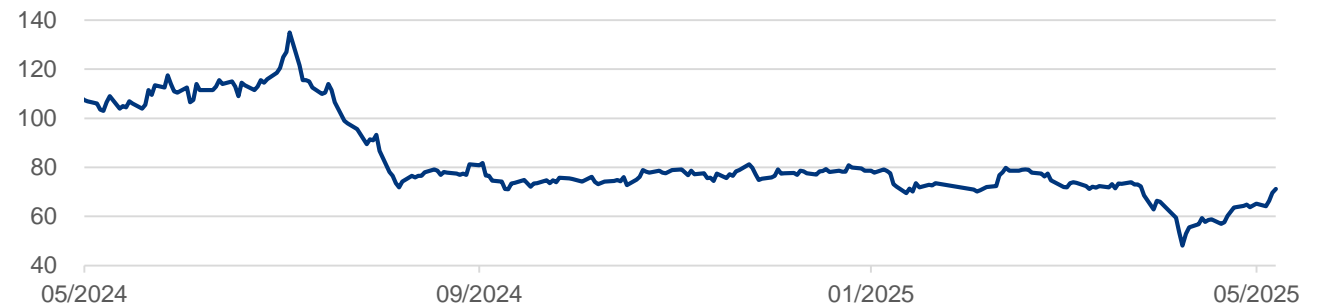
	2022	2023	2024	2025F	2026F
EPS (NTD)	4.94	1.86	2.26	4.60	6.02
EPS Growth (%)	-45.1	-62.3	21.5	103.0	31.0
P/E Ratio	13.4	35.6	29.3	14.4	11.0
ROE (%)	9.0	3.4	4.1	8.0	10.0

Source: Company data, estimates of KGI analyst

Valuations

		5Y Avg.	Current	
Price	48.15			167.00
P/E	7.68			59.63
P/B	0.84			4.34

1-Year Price



As of 8 May 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	11.60	33.08	-1.11	-7.77	-9.53	-30.87

Chenbro Micom Co Ltd. (8210 TT)

Chenbro Micom Co., Ltd. produces computer serves and peripheral products. The Company manufactures and distributes rack-mounted edge computing server chassis, tower modular high-speed computing storage server chassis, high-speed storage server module, rack-mounted modular barebone server, and more.

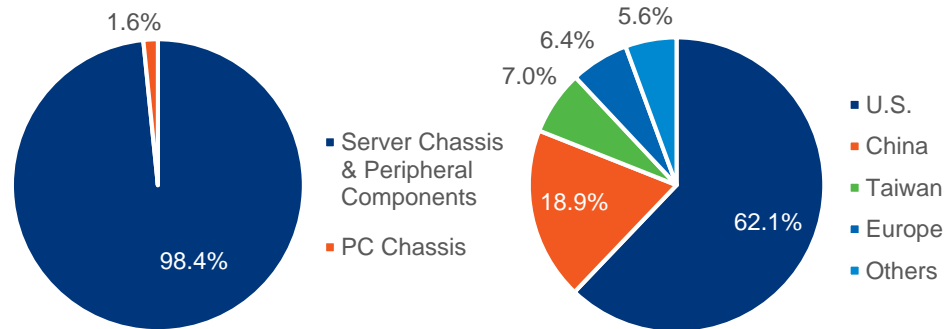
■ Revenue Momentum to Extend into 2Q–3Q25

In 2Q25, Amazon's B200 HGX AI server enclosures entered mass production, while revenue from ASIC enclosures also grew sequentially. As a result, we revised its 2Q25 revenue forecast upward to a 13% QoQ increase. Additionally, shipments of HGX AI servers to a new CSP client are expected to begin in late 2Q25 and ramp up into 3Q25. Benefiting from additional orders for server racks and GB200 enclosures, we expect both revenue and earnings to grow sequentially in 3Q25.

■ Server Rack Business as a Long-Term Growth Driver

It began shipping server racks in 1Q25, and we forecast sequential revenue growth from this segment through 2Q to 4Q25. It is actively expanding rack production capacity in Taiwan, and the launch of its Malaysia plant in 2026 is expected to further boost output. By 2026, server rack revenue is projected to account for 10%–15% of total sales, supporting long-term earnings growth.

Revenue Sources and Regions



Source: Bloomberg

Financials

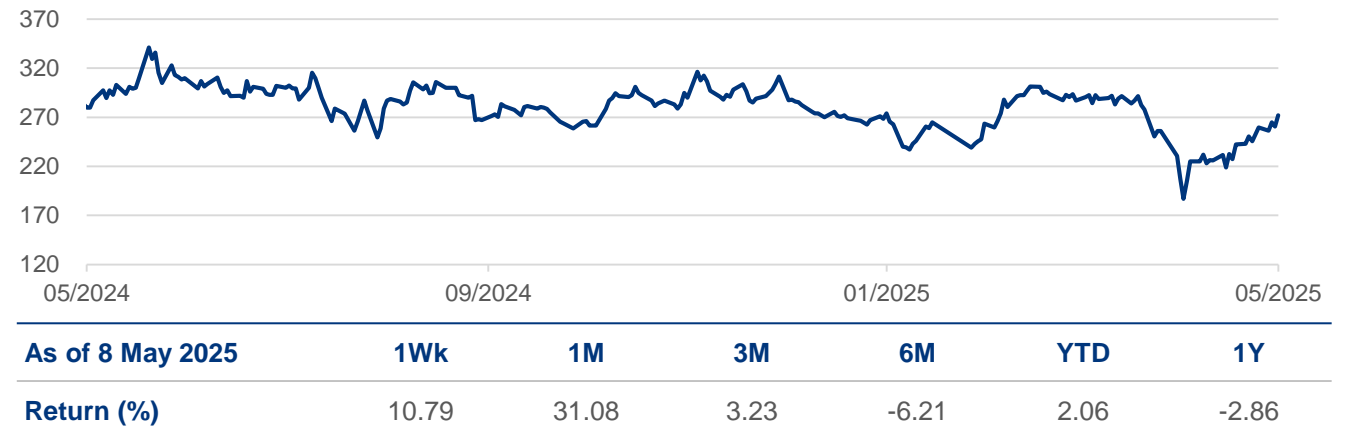
	2022	2023	2024	2025F	2026F
EPS (NTD)	8.32	9.03	16.05	20.70	24.85
EPS Growth (%)	48.2	8.5	77.7	29.0	20.0
P/E Ratio	31.2	28.7	16.2	12.5	10.4
ROE (%)	22.0	20.8	30.4	32.0	32.8

Source: Company data, estimates of KGI analyst

Valuations

		5Y Avg.	Current	
Price	60.00			341.00
P/E	7.47			48.77
P/B	1.55			6.81

1-Year Price



Investing in Turbulent Times: Focus on Stocks Aligned with Buffett's Value Approach

► BlackRock U.S. Value Fund

- Established in January 1997, the fund has a long history and currently manages over \$780 million in assets.
- It is one of the few funds in the market that maintains a concentrated focus on large-cap U.S. value stocks.
- The portfolio manager applies fundamental analysis to guide stock selection.
- The fund is well-diversified, typically holding 80 to 120 stocks, with no single sector accounting for more than 25% of the portfolio.

► HSBC Global Investment Funds – Ultra Short Duration Bond Fund

- The fund primarily invests in short-term, investment-grade corporate bonds, with up to 20% allocated to high-quality asset-backed securities.
- It is suitable for investors seeking higher returns than money market funds while minimizing interest rate risk.
- The fund targets an effective duration of 0.5 years or less; the current duration is 0.47 years.

Product	BlackRock U.S. Value Fund		HSBC Global Investment Funds – Ultra Short Duration Bond Fund	
Features	<ul style="list-style-type: none"> ■ The fund follows a value-oriented strategy, focusing on undervalued companies with strong intrinsic investment potential. ■ It maintains diversified exposure, with no single sector accounting for more than 25% of the portfolio. 		<ul style="list-style-type: none"> ■ Primarily Invested in High-Quality Ultra-Short-Term Corporate Bonds, with Flexibility to Allocate to Other Fixed Income Instruments. ■ The fund targets an effective duration of 0.5 years or less; currently at 0.47 years. 	
AUM	USD 761 million		USD 2.62 billion	
Holdings	95		-	
3M/YTD Returns	-2.03% / 2.57%		1.22% / 1.63%	
Credit Ratings	-		AAA 8.90 AA 18.54 A 45.04 BBB 27.04	
Top-5 Sectors (%)	Financials	21.24	Banking	34.77
	Health Care	16.77	Consumer Staples	9.24
	Industrials	13.30	Consumer Discretionary	7.05
	Info. Tech.	10.97	Technology	6.68
	Cons. Staples	6.38	Capital Goods	5.46
Top-5 Holdings (%)	Wells Fargo	3.50	UNITEDHEALTH GRP 4.855 15/07/26	1.15
	Citigroup	3.09	US TREASURY FRN 4.420 31/10/25	0.95
	Cardinal Health, Inc.	2.88	US TREASURY FRN 4.375 31/07/25	0.95
	CVS Health	2.83	HOME DEPOT INC 4.690 24/12/25	0.84
	SS&C Technologies Holdings, Inc.	2.76	CHEVRON USA INC 4.718 26/02/27	0.77

Source: Bloomberg, 7 May. 2025

BlackRock U.S. Value Fund

Profile

The 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 activity there.

Value Investing Strategy

The fund adopts a value investing approach. The portfolio manager focuses on undervalued companies with strong intrinsic value and seeks to buy high-quality, stable businesses at reasonable price levels, suitable for investors seeking consistent long-term returns.

Investing in High-Quality Large-Cap Value Stocks Across Sectors

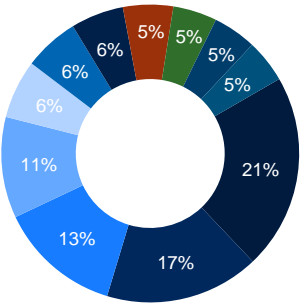
The fund primarily invests in large-cap stocks across a range of sectors, with at least 65% of its total portfolio holdings comprising securities covered by MSCI ESG Research. This helps investors assess companies' performance on environmental, social, and governance (ESG) factors.

Diversified Portfolio

The fund typically holds 80 to 120 stocks, with no single sector accounting for more than 25% of the portfolio. The top 10 holdings make up approximately 26.24% of total assets.

Inception Date	8 Jan. 1997	AUM	USD 761 million
Morningstar Category	U.S. Large-Cap Value Stocks	Fund Category	Equities
Morningstar Rating	★★	3Y Stand. Dev. (Ann.)	14.54%

Sectors



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

Top-5 Holdings (%)

Wells Fargo	3.50
Citigroup	3.09
Cardinal Health, Inc.	2.88
CVS Health	2.83
SS&C Technologies Holdings, Inc.	2.76

3-Year Net Asset Value



As of 7 May 2025	1M	3M	YTD	1Y	3Y	5Y
USD Cumulative Return (%)	11.20	-2.03	2.57	3.75	20.50	19.01
Quartile Ranking Within Category	1	1	1	2	3	3

Source: BlackRock Fund Factsheet, Morningstar. Performance data as of May 7, 2025; monthly report as of March 31, 2025. Share class: A2 USD

HSBC Global Investment Funds – Ultra Short Duration Bond Fund

Profile

The fund aims to provide short-term capital appreciation and income by investing in a diversified portfolio of fixed income securities and money market instruments.

■ Primarily Invested in High-Quality Ultra-Short-Term Corporate Bonds

It primarily invests in short-term, investment-grade corporate bonds, offering moderate interest rate and credit risk. It is suitable for investors seeking higher returns than money market funds while maintaining a relatively low risk profile.

■ Diversified Investment

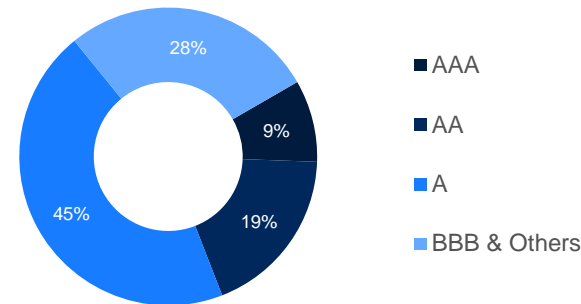
It primarily invests in fixed or floating rate income securities and similar instruments issued or guaranteed by governments, government-related entities, supranational institutions, and corporations in developed or emerging markets. It may also allocate up to 10% of assets to bonds with maturities exceeding 5 years, up to 30% to non-investment-grade bonds, and no more than 20% to asset-backed securities and mortgage-backed securities.

■ Short Duration

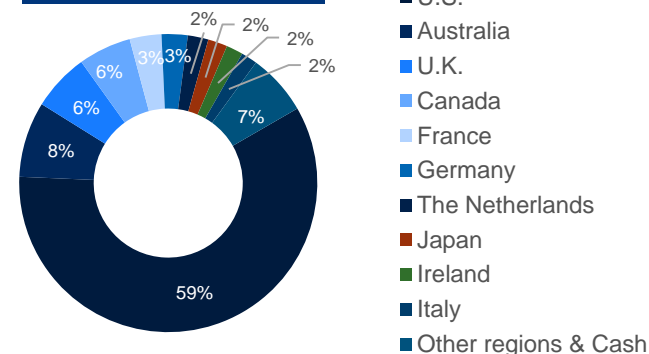
The fund targets an effective duration of 0.5 years or less; the current duration is 0.47 years.

Inception Date	8 June 2021	AUM	USD 2.62 billion
Morningstar Category	Global Bonds	Fund Category	Bonds
Morningstar Rating	★★★★★	3Y Stand. Dev. (Ann.)	0.82%

Ratings



Regions



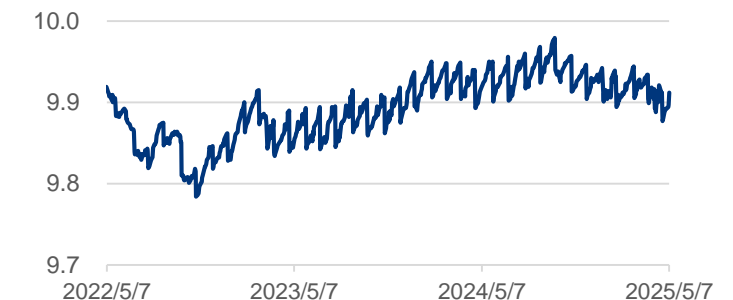
As of 7 May 2025

	1M	3M	YTD	1Y	3Y	5Y
USD Cumulative Return (%)	0.47	1.22	1.63	5.35	12.23	15.84
Quartile Ranking Within Category	1	1	1	2	1	1

Top-5 Holdings (%)

UNITEDHEALTH GRP	4.855	15/07/26	1.15
US TREASURY FRN	4.420	31/10/25	0.95
US TREASURY FRN	4.375	31/07/25	0.95
HOME DEPOT INC	4.690	24/12/25	0.84
CHEVRON USA INC	4.718	26/02/27	0.77

3-Year Net Asset Value



Source: HSBC Asset Management Fund Monthly Report, Morningstar. Performance data as of May 7, 2025; monthly report as of March 31, 2025. Share Class: PM2 USD Monthly Distribution

Mutual Funds/ ETFs

Investing in Turbulent Times: Focus on Stocks Aligned with Buffett's Value Approach

► iShares 0–3 Month U.S. Treasury Bond ETF (SGOV)

- Designed to track the performance of the ICE 0-3 Month U.S. Treasury Securities Index (USD).
- This index measures the performance of publicly issued U.S. Treasury debt securities with remaining maturities of three months or less.
- The ETF holds only U.S. Treasury bills and features ultra-short duration, helping reduce portfolio risk during periods of market volatility.
- Current expense ratio is 0.09%, which is relatively low.

► NEXT FUNDS TOPIX-17 Commercial & Wholesale Trade ETF (1629.JP)

- Aims to track the TOPIX-17 Commercial & Wholesale Trade Index, seeking investment results that closely match the index.
- This index focuses on the retail and wholesale trade sectors within the 17-industry classification system developed by the Tokyo Stock Exchange, reflecting the performance of Japan's retail, wholesale, and e-commerce distribution sectors.
- The fund has a concentrated portfolio and is focused on large-cap companies.

► Vanguard Value ETF (VTV)

- Seeks to track the performance of the CRSP US Large Cap Value Index, which includes primarily large-cap U.S. value stocks that are leaders in their sectors. Value stocks are generally selected for their dividend yields and financial stability.
- The fund is well-diversified, with the largest holding accounting for only about 3.8% of total assets, reducing exposure to individual stock risk.
- Current expense ratio is 0.04%, among the lowest in its category.

Product	iShares 0–3 Month U.S. Treasury Bond ETF (SGOV)		NEXT FUNDS TOPIX-17 Commercial & Wholesale Trade ETF (1629.JP)		Vanguard Value ETF (VTV)	
Features	<ul style="list-style-type: none"> ■ Focuses on U.S. Treasury bills with maturities of three months or less. ■ Expense ratio of 0.09%, among the lowest for similar ETFs 		<ul style="list-style-type: none"> ■ Tracks the overall performance of Japan's retail & wholesale trade sectors. ■ Concentrated in large-cap firms; top 10 holdings make up approximately 83.38% of assets. 		<ul style="list-style-type: none"> ■ Focused on Leading U.S. Value Stocks. ■ Expense Ratio of 0.04%, Among the Lowest in Its Category. 	
AUM	USD 46.62 billion		JPY 9.73 billion		USD 130.04 Billion	
Tracking Index	ICE 0-3 Month US Treasury Securities Index (USD)		TOPIX-17 COMMERCIAL & WHOLESALE TRADE		CRSP US Large Cap Value Index	
Holdings	23		131		331	
3M/YTD Returns	1% / 1.46%		7.14% / -0.49%		-4.32% / -0.42%	
Credit Ratings	AAA	100	-	-	-	-
Top-5 Sectors (%)	-	-	Wholesalers Cash	98.40 1.60	Insurance Banking Pharmaceuticals Oil & Gas Retail	9.53 9.47 7.33 5.71 5.08
Top-5 Holdings (%)	U.S. Treasury Securities 0.0% 06/24/25 U.S. Treasury Securities 10.00 0.0% 05/13/25 U.S. Treasury Securities 9.96 0.0% 06/10/25 U.S. Treasury Securities 9.94 0.0% 07/01/25 U.S. Treasury Securities 9.73 0.0% 06/03/25		Mitsubishi Corp. 20.27 Itochu Corp. 19.61 Mitsui & Co. 16.53 Marubeni Corp. 8.88 Sumitomo Corp. 8.71		Berkshire Hathaway 3.76 JPMorgan Chase 3.17 ExxonMobil 2.39 UnitedHealth Group 2.23 Procter & Gamble 1.85	

Source: Bloomberg, 7 May 2025

iShares 0–3 Month U.S. Treasury Bond ETF (SGOV)

Profile

This ETF tracks the ICE 0-3 Month US Treasury Securities Index (USD), aiming to replicate the performance of the index constituents and deliver returns in line with the benchmark.

■ Buffer Against Market Volatility

The index measures the performance of U.S. Treasury bills with remaining maturities of three months or less. With extremely low sensitivity to interest rate movements, the ETF exhibits very low volatility.

■ Low Duration

The ETF has an effective duration of just 0.11 years, helping to mitigate interest rate risk. It serves as a defensive allocation tool during market turbulence, suitable for investors seeking exposure to U.S. Treasury securities or a temporary parking place for short-term capital.

■ Low Expense Ratio

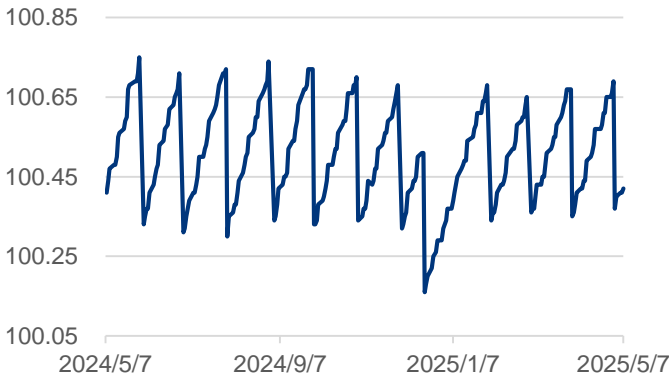
This ETF has an expense ratio of 0.09%, which is considered low relative to peers. Its cost-efficiency helps investors reduce overall investment expenses.

Inception Date	26 May 2020	AUM	USD 46.62 billion
ETF Category	Bonds	Holdings	23
Expense Ratio	0.09%	3Y Stand. Dev. (Ann.)	0.4%

Ratings



1-Year Performance

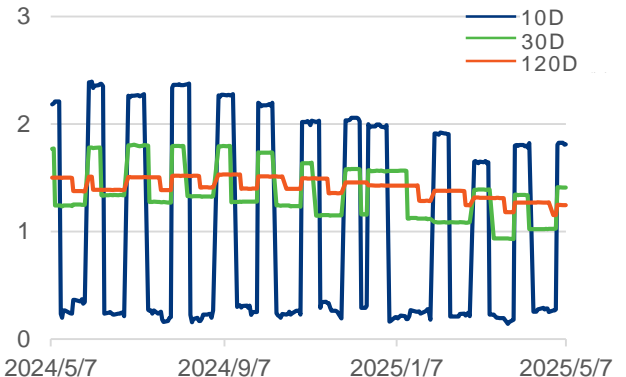


As of 7 May 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	0.33	1.00	1.46	4.83	13.97	14.16

Top-5 Holdings (%)

U.S. Treasury Securities 0.0% 06/24/25	10.00
U.S. Treasury Securities 0.0% 05/13/25	9.96
U.S. Treasury Securities 0.0% 06/10/25	9.94
U.S. Treasury Securities 0.0% 07/01/25	9.73
U.S. Treasury Securities 0.0% 06/03/25	9.36

1-Year Volatility



Source: Bloomberg, 7 May 2025

NEXT FUNDS TOPIX-17 Commercial & Wholesale Trade ETF (1629.JP)

Profile

The ETF tracks the TOPIX-17 Commercial & Wholesale Trade Index, aiming to replicate the performance of the index constituents and deliver returns that closely align with the benchmark.

■ Focused on Retail & Wholesale Trade

The underlying index is part of the Tokyo Stock Exchange's 17-industry classification and concentrates on the retail and wholesale trade sectors. It reflects the overall performance of Japan's retail, wholesale, and e-commerce distribution industries.

■ Concentrated Holdings

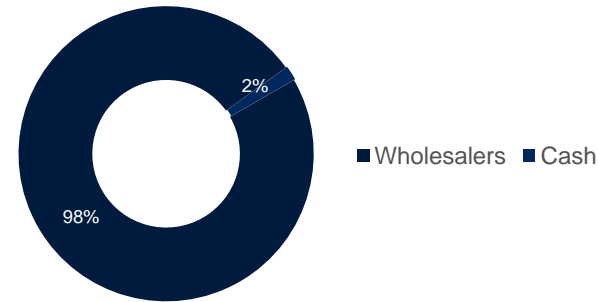
It holds approximately 131 stocks, with a strong focus on large-cap companies. The top 10 holdings account for about 83.38% of total assets.

■ Japan's Economic Fundamentals Are Improving

Japan's economic fundamentals are showing signs of recovery. Core CPI has reached its highest level in over two decades, marking a departure from prolonged deflation. Supported by domestic demand, the Japanese economy is expected to be less affected by tariffs and is relatively well-positioned. Corporate governance continues to improve, making Japanese equities attractive in terms of both valuation and fundamentals.

Inception Date	21 Mar. 2008	AUM	JPY 9.73 billion
ETF Category	Equities	Holdings	131
Expense Ratio	0.352%	3Y Stand. Dev. (Ann.)	17.65%

Sectors



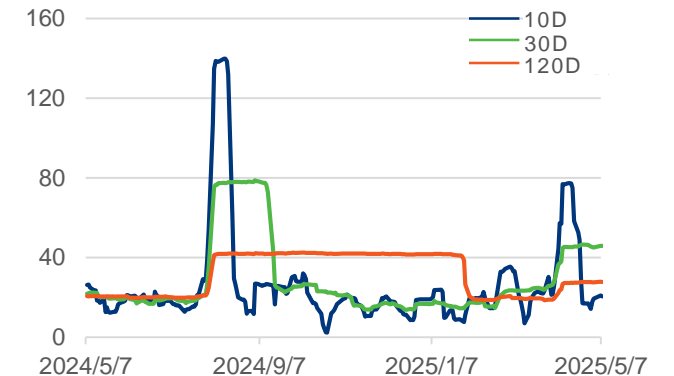
Top-5 Holdings (%)

Mitsubishi Corp.	20.27
Itochu Corp.	19.61
Mitsui & Co.	16.53
Marubeni Corp.	8.88
Sumitomo Corp.	8.71

1-Year Performance



1-Year Volatility



As of 7 May 2025

	1M	3M	YTD	1Y	3Y	5Y
Return (%)	12.22	7.14	-0.49	-8.69	81.92	226.51

Source: Bloomberg, 7 May 2025

Vanguard Value ETF (VTV)

Profile

This ETF tracks the CRSP US Large Cap Value Index, aiming to replicate the performance of its constituents and deliver returns in line with the index.

Value-Oriented Investment Approach

The index comprises primarily leading U.S. value stocks, which are selected based on factors such as dividend yield and financial stability. This ETF is well suited for investors seeking to benefit from the long-term growth potential of large-cap U.S. value equities.

Diversified Investment

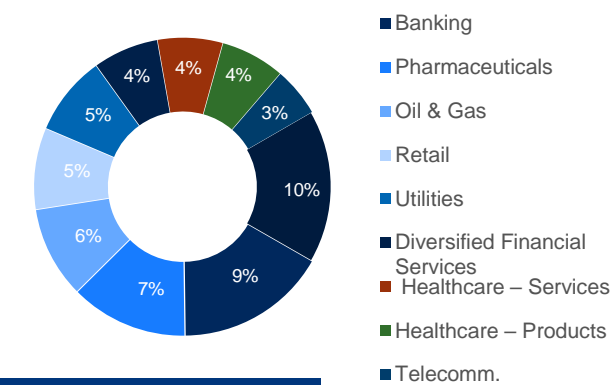
This ETF holds approximately 331 stocks, offering broad diversification. The top 10 holdings account for about 21.71% of the portfolio, with the largest holding: Berkshire Hathaway, representing approximately 3.76%, indicating limited exposure to any single stock.

Low Expense Ratio

The ETF has an expense ratio of 0.04%, which is considered low within its category. Its cost-efficiency helps investors reduce overall investment costs.

Inception Date	26 Jan. 2004	AUM	USD 130.04 Billion
ETF Category	Equities	Holdings	331
Expense Ratio	0.04%	3Y Stand. Dev. (Ann.)	15.66%

Sectors



1-Year Performance

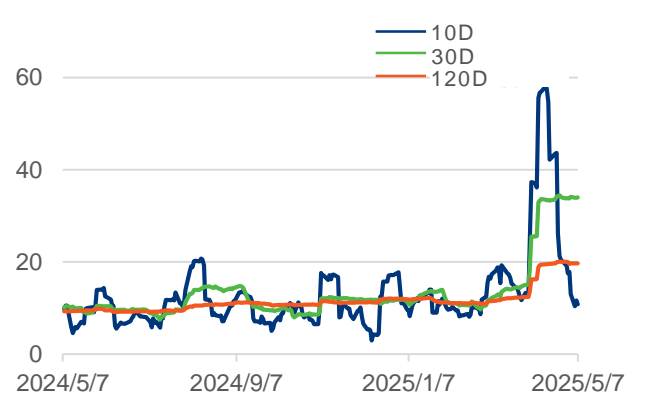


As of 7 May 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	9.07	-4.32	-0.42	7.50	26.93	94.76

Top-5 Holdings (%)

Berkshire Hathaway	3.76
JPMorgan Chase	3.17
ExxonMobil	2.39
UnitedHealth Group	2.23
Procter & Gamble	1.85

1-Year Volatility



Source: Bloomberg, 7 May 2025



European Bank Earnings Beat Expectations; Related Bond Prices Continue to Recover

- ▶ **HSBC 7.399 11/13/34 (HSBC Holdings plc) – USD Denominated**
- ▶ **HSBC 3.911 05/13/34 (HSBC Holdings plc) – EUR Denominated**

- HSBC maintains a robust capital position, unmatched by most peers in the European banking sector. As of the end of 2024, the group reported a CET1 capital ratio of 14.9%, significantly above the peer median of 13.5%. The group’s capital structure ensures that its subsidiaries and sub-groups remain self-sufficient in capital resources. Additionally, HSBC’s profitability outperforms the European banking average by a wide margin, with a RoTE of 14.6% in 2024.
- HSBC maintains a high proportion of corporate deposits and ample liquidity. Its large and diversified deposit base supports a funding profile that is stronger than most global peers. As of the end of 2024, the loan-to-deposit ratio stood at 56%, significantly below both domestic and international peer averages. HSBC reported a liquidity coverage ratio of approximately 148%. The group’s long-standing policy ensures that operating subsidiaries remain self-sufficient in funding, with deposits exceeding loans.
- The group’s asset quality is relatively strong, supported by a highly diversified credit exposure, spanning a broad range of corporate loans and residential mortgages, and a geographic bias toward Hong Kong and the U.K. HSBC’s risk appetite is generally lower than that of its local competitors in each market. Its credit performance remains solid, and provisions have already been made against its China commercial real estate exposure, with limited incremental credit loss expected in that segment. In recent years, HSBC has exited underperforming and non-core Western markets in an effort to enhance profitability. The group is targeting \$1.5 billion in cost savings by 2026.

Products	HSBC 7.399 11/13/34 (HSBC Holdings plc)	HSBC 3.911 05/13/34 (HSBC Holdings plc)
Highlight	US404280EC98	XS3069291782
Maturity Date	HSBC holds one of the strongest capital positions among European banks, with high asset quality and a well-diversified credit portfolio.	
Next Redemption Day	2034/11/13	2034/5/13
Coupon (%)	2033/11/13	2033/5/13
Currency	Float/7.399/Semi-annual	Float/3.911/Annual
Years to Maturity	USD	EUR
Rating (Moody's/ Fitch/S&P)	9.52	9.01
Seniority	Baa1/A-/BBB	-/A+/A-
YTM/YTC (%)	Subordinated	Subordinated
Highlight	6.07/5.98	3.88/3.82

Source: Bloomberg

HSBC 7.399 11/13/34 (HSBC Holdings plc)

Profile

HSBC maintains a robust capital position, among the strongest in the European banking sector. As of year-end 2024, the group reported a CET1 capital ratio of 14.9%, significantly above the peer median of 13.5%. The group’s capital management framework ensures that its subsidiaries and sub-groups are self-sufficient in terms of capital resources. In addition, HSBC’s profitability substantially outperforms the European banking average, with a RoTE of 14.6% in 2024.

- HSBC benefits from a high proportion of corporate deposits and ample liquidity. Its large and diversified deposit base supports a stronger funding profile relative to global peers. As of year-end 2024, its loan-to-deposit ratio stood at 56%, well below both domestic and global peer averages. The bank reported a LCR of approximately 148%.
- The group’s asset quality is relatively sound, with highly diversified credit exposure including a significant mix of corporate lending and residential mortgages. Geographically, the portfolio is weighted toward Hong Kong and the U.K. HSBC also tends to operate with a lower risk appetite than its local competitors in each of its core markets.
- The group’s credit performance remains solid. Provisions have already been made against its exposure to China’s commercial real estate sector, and additional credit losses from this market are expected to be minimal going forward. In recent years, HSBC has exited several underperforming and non-core Western markets as part of its strategy to enhance profitability. The bank is targeting \$1.5 billion in cost savings by 2026.

Financials	2022	2023	2024
CET1 Capital Ratio (%)	14.20	14.80	14.90
Return on Tangible Equity (%)	9.50	14.87	14.85
Liquidity Coverage Ratio (%)	132.00	136.00	138.00

Source: Bloomberg, as of May 8, 2025. Note: Coupon reset date is November 13, 2033. Thereafter, interest will be paid quarterly at a rate tied to the U.S. SOFR (Secured Overnight Financing Rate), with the reset spread equal to the bond yield on the settlement date plus 3.02%

Overview

Name	HSBC 7.399 11/13/34	ISIN	US404280EC98
Maturity Date	13 Nov. 2034	Remaining Maturity	9.52
Coupon(%)	Float/7.399/Semi-annual	YTM/YTC(%)	6.07/5.98
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa1/A-/BBB	Seniority	Subordinated

Price Since Issuance



HSBC 3.911 05/13/34 (HSBC Holdings plc)

Profile

HSBC maintains a robust capital position, among the strongest in the European banking sector. As of year-end 2024, the group reported a CET1 capital ratio of 14.9%, significantly above the peer median of 13.5%. The group’s capital management framework ensures that its subsidiaries and sub-groups are self-sufficient in terms of capital resources. In addition, HSBC’s profitability substantially outperforms the European banking average, with a RoTE of 14.6% in 2024.

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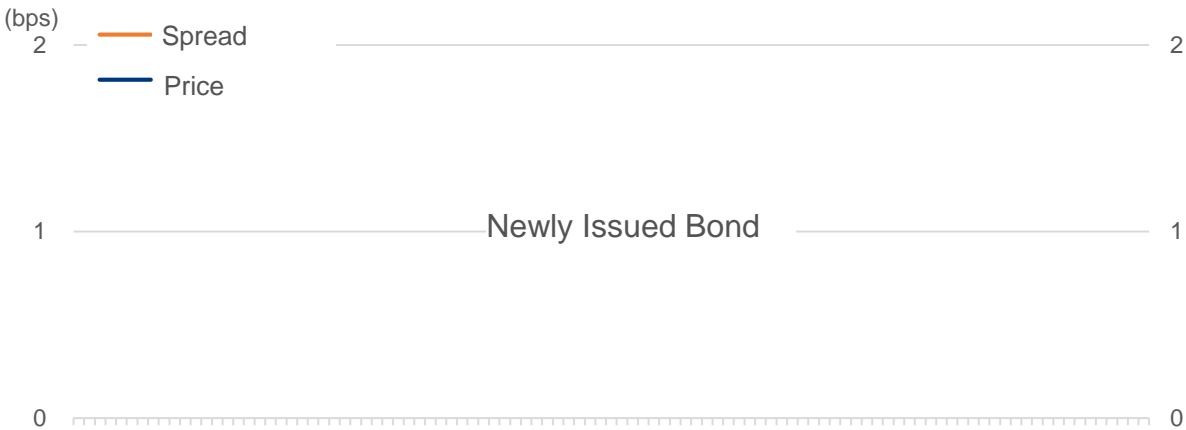
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Liquidity Coverage Ratio (%)	132.00	136.00	138.00

Source: Bloomberg, as of May 8, 2025. Note: Coupon reset date is May 13, 2033. Thereafter, interest will be paid quarterly at a rate tied to the 3-month EURIBOR, with the reset spread equal to the bond yield on the settlement date plus 1.54%

Overview

Name	HSBC 3.911 05/13/34	ISIN	XS3069291782
Maturity Date	13 May 2034	Remaining Maturity	9.01
Coupon(%)	Float/3.911/Annual	YTM/YTC(%)	3.88/3.82
Currency	EUR	Min. Subscription/ Increment	100,000/1,000
Ratings (Moody's/Fitch/S&P)	-/A+/A-	Seniority	Subordinated

Price Since Issuance



Appendix

Key Economic Data / Events

► MAY 2025

5

Monday

- U.S. Apr. ISM Services Index (Actual:51.6 Est:50.2 Prev:50.8)
- Eurozone May. Sentix Investor Confidence (Actual:-8.1 Est:-11.5 Prev:-19.5)

6

Tuesday

- Eurozone Apr. HCOB Services PMI Final Value (Actual:50.1 Est:49.7 Prev:51.0)
- Eurozone Mar. PPI YoY (Actual:1.9% Est:2.5% Prev:3.0%)
- China Apr. Caixin PMI Service (Actual:50.7 Est:51.8 Prev:51.9)

7

Wednesday

- Eurozone Mar. Retail Sales MoM (Actual:-0.1% Est:-0.1% Prev:0.2%)
- U.S. May. FOMC Rate Decision (Actual:4.50% Est:4.50% Prev:4.50%)
- China 7-Day Reverse Repo Rate (Actual:1.40% Prev:1.50%)
- China Financial Institutions Reserve Requirement Rates (Actual:9.00% Prev:9.50%)

8

Thursday

- U.S. Last Week's Initial Jobless Claims (Actual:228k Est:230k Prev:241k)
- Taiwan Apr. Export YoY (Actual:29.9% Est:16.0% Prev:18.6%)
- U.K. May. Bank of England Interest Rate Decision (Actual:4.25% Est:4.25% Prev:4.50%)

9

Friday

- China Apr. Export YoY (Est:2.0% Prev:12.4%)

12

Monday

- NRG, FOXA Earnings

13

Tuesday

- U.S. Apr. CPI YoY (Est:2.4% Prev:2.4%)
- U.S. Apr. Core CPI YoY (Est:2.8% Prev:2.8%)
- SPG, DVA Earnings

14

Wednesday

- Japan Apr. PPI YoY (Est:4.0% Prev:4.2%)

15

Thursday

- U.S. Last Week's Initial Jobless Claims (Prev:228k)
- U.S. Apr. Retail Sales MoM (Est:0.0% Prev:1.5%)
- U.S. Apr. Industrial Production MoM (Est:0.3% Prev:-0.3%)
- U.S. Apr. PPI YoY (Prev:2.7%)
- Eurozone Q1 GDP QoQ Revised Estimate (Prev:0.2%)
- STE, CSCO, WMT, DE Earnings

16

Friday

- U.S. May. U. of Mich. Sentiment initial (Est:53.0 Prev:52.2)
- U.S. Apr. Housing Starts (Est:1,368k Prev:1,324k)
- U.S. Apr. Building Permits Initial Value (Est:1,450k Prev:1,467k)
- Japan Mar. Industrial Production MoM Final Value (Prev:2.3%)
- Japan Q1 GDP QoQ Initial Value (Est:-0.1% Prev:0.6%)
- TTWO, AMAT, CPRT Earnings

Source: Bloomberg.com

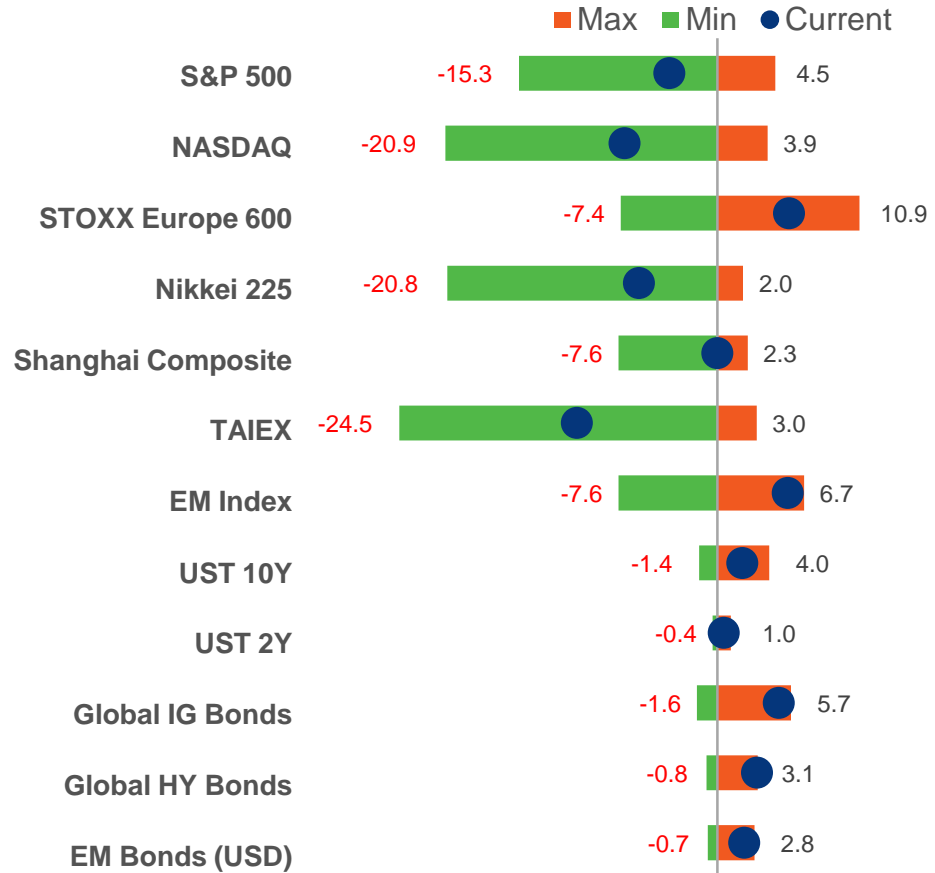
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	EPS
6 May 2025	VERTEX PHARMACEUTICALS INC (VRTX)	2.86B	2.77B	4.26	4.06		
6 May 2025	PALANTIR TECHNOLOGIES INC-A (PLTR)	864.11M	884M	0.13	0.13	V	
7 May 2025	ARISTA NETWORKS INC (ANET)	1.97B	2.01B	0.59	0.65	V	V
7 May 2025	ADVANCED MICRO DEVICES (AMD)	7.11B	7.44B	0.95	0.96	V	V
7 May 2025	WALT DISNEY CO/THE (DIS)	23.13B	23.62B	1.21	1.45	V	V
7 May 2025	UBER TECHNOLOGIES INC (UBER)	11.62B	11.53B	0.51	0.83		V
8 May 2025	CONOCOPHILLIPS (COP)	15.77B	16.09B	1.98	2.09	V	V

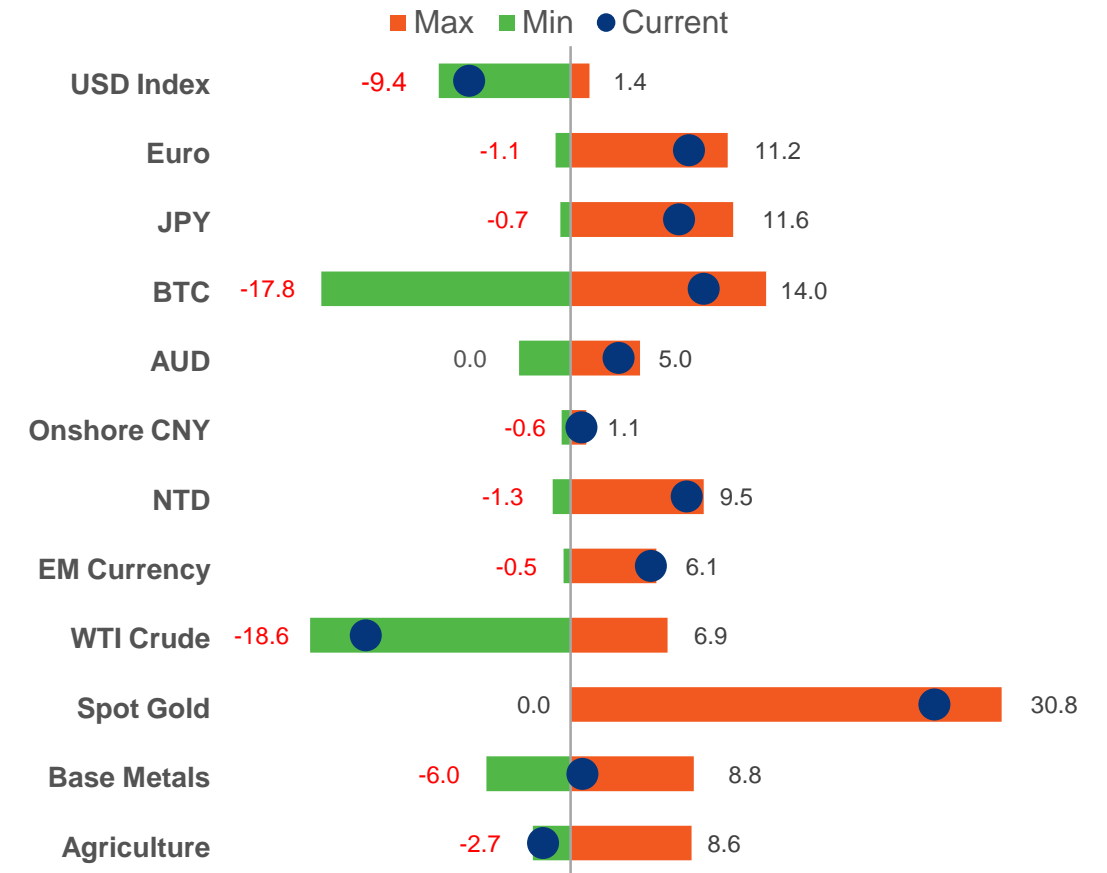
Source: Investing.com

YTD Major Market / Asset Performance

Stock and Bond Market YTD Performance (%)

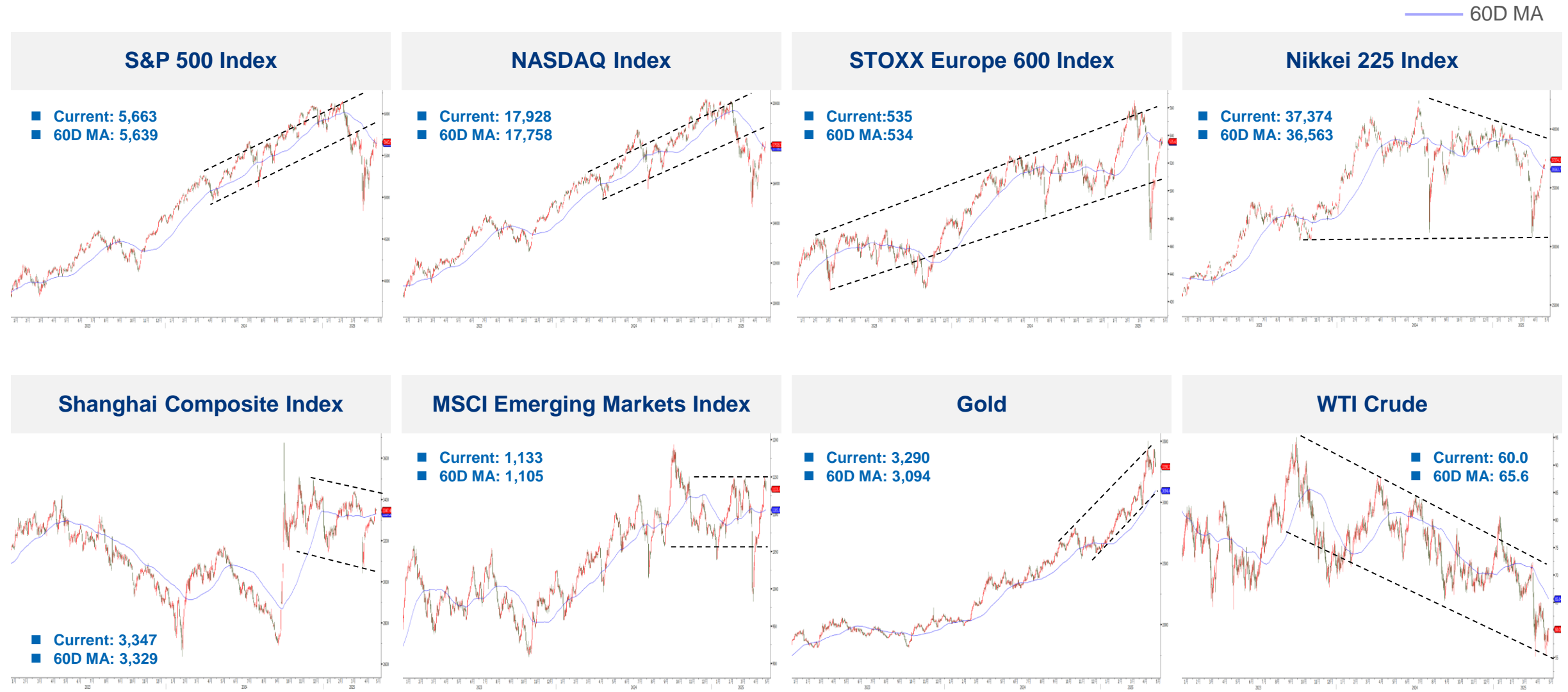


Currencies and Futures Market YTD Performance (%)



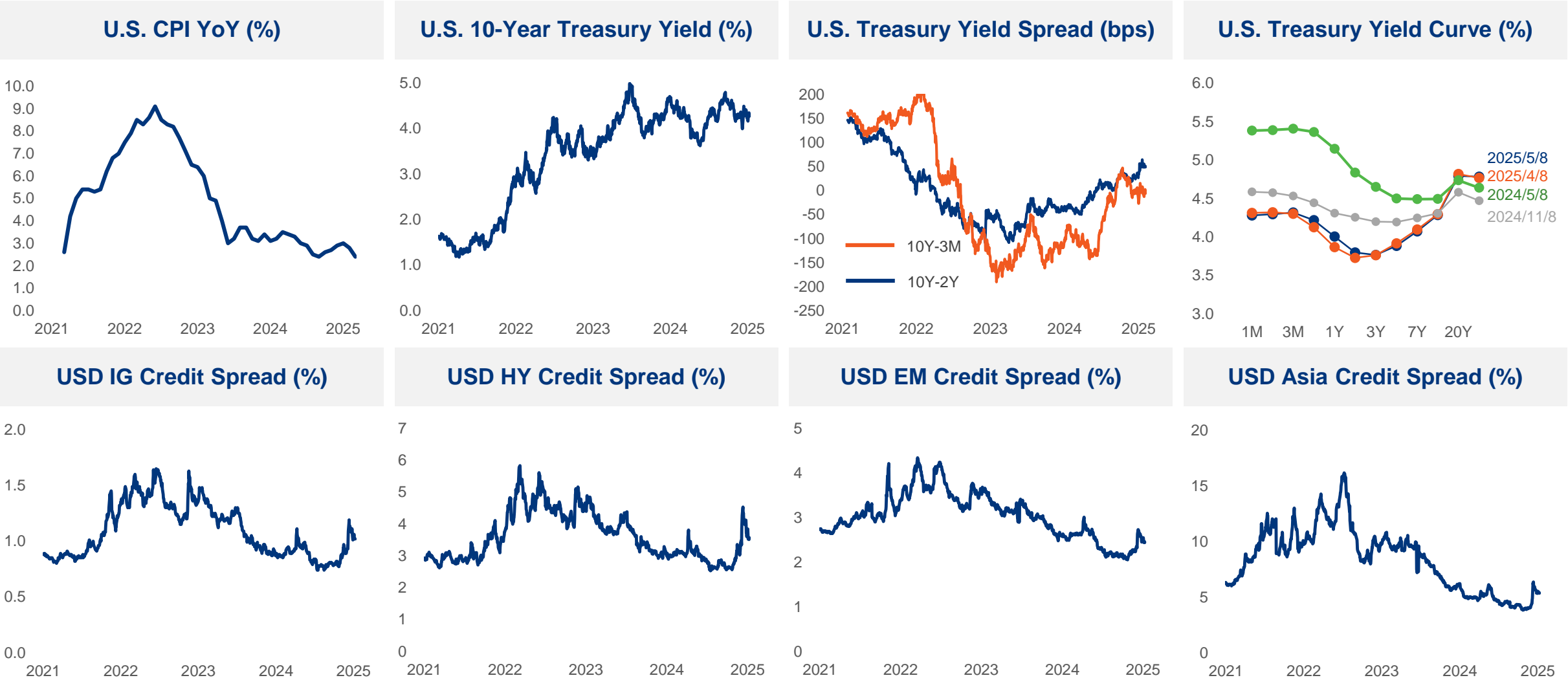
Source: Bloomberg, 9 May. 2025

Technical Analysis



Source: Bloomberg, 9 May. 2025

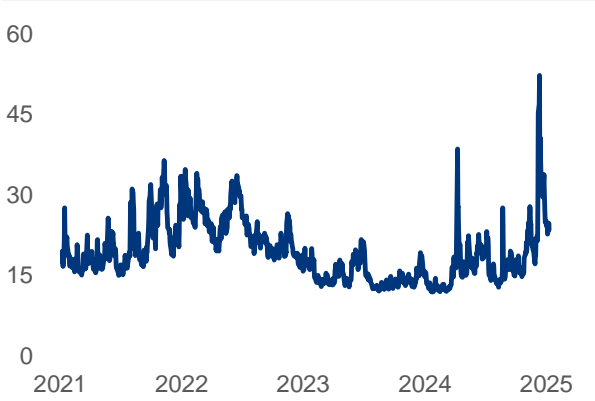
Market Monitor



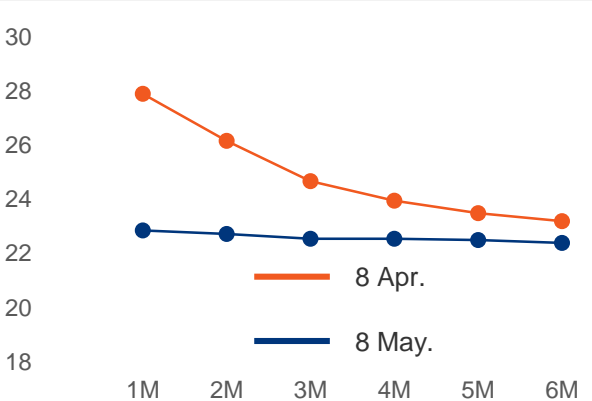
Source: Bloomberg, 8 May. 2025

Market Monitor

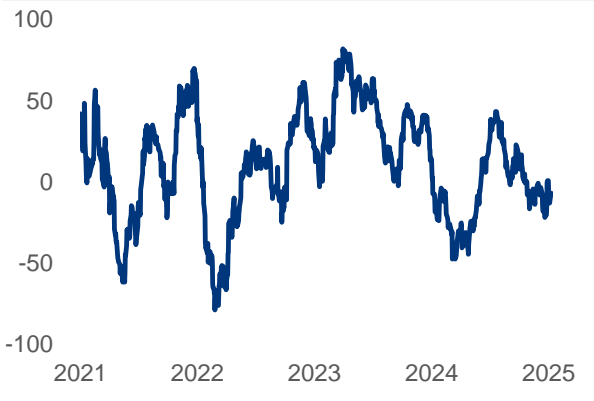
VIX Index



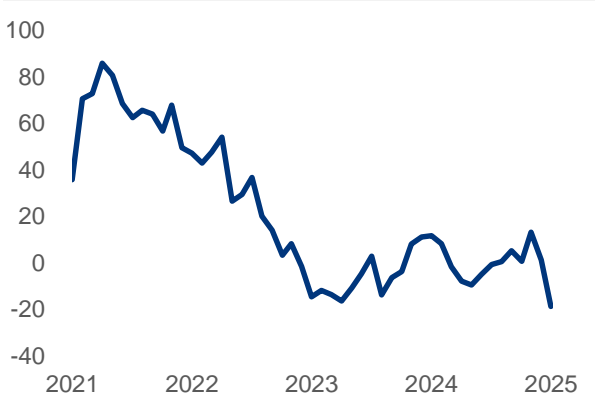
VIX Term Structure



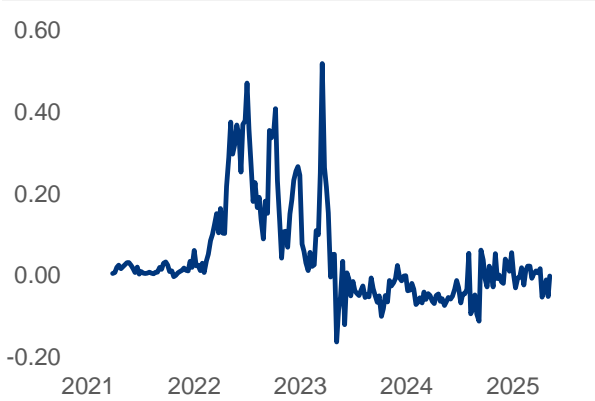
U.S. Citi Economic Surprise Index*



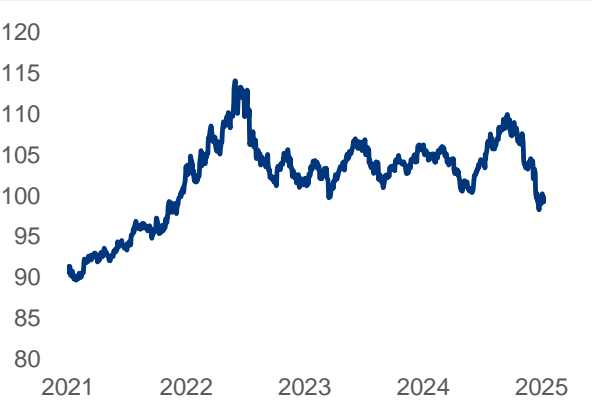
U.S. Citi Inflation Surprise Index*



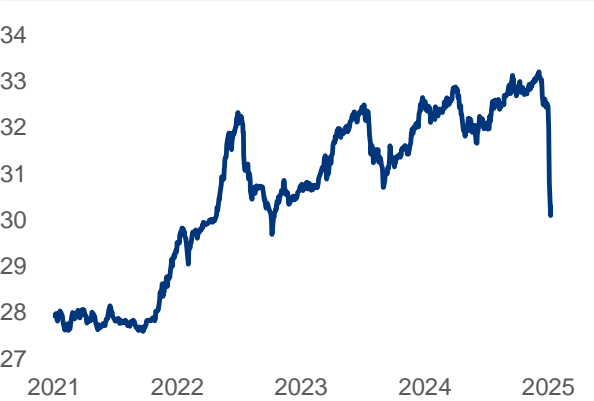
TED Spread (bps)



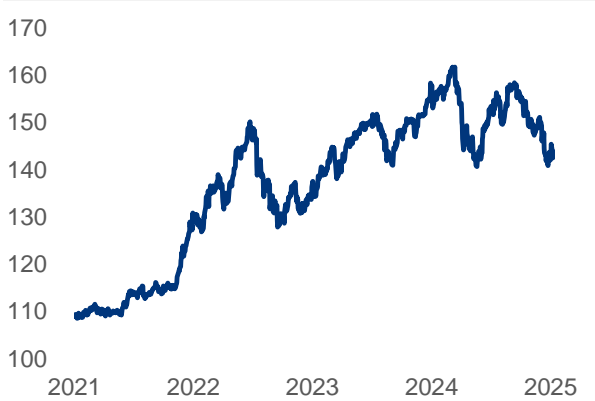
U.S. Dollar Index



USD to TWD



USD to JPY



Source: Bloomberg, 8 May. 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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