CIO Office

Global Markets Weekly Kickstart

Implications of Section 899

9 June 2025

01 Chart of the Week

Will U.S. Section 899 Escalate the Trade War into a Capital War?

02 Market Recap

TACO Trading Market Unfazed, U.S. Stocks Continue to Climb

03 What's Trending

Cooling Inflation Keeps ECB Dovish, Injecting Fresh Momentum into Business Operations

04 In Focus

Positive Catalysts for European Financials Continue, Supporting Steady Participation in EU Equities

05 Product Spotlight

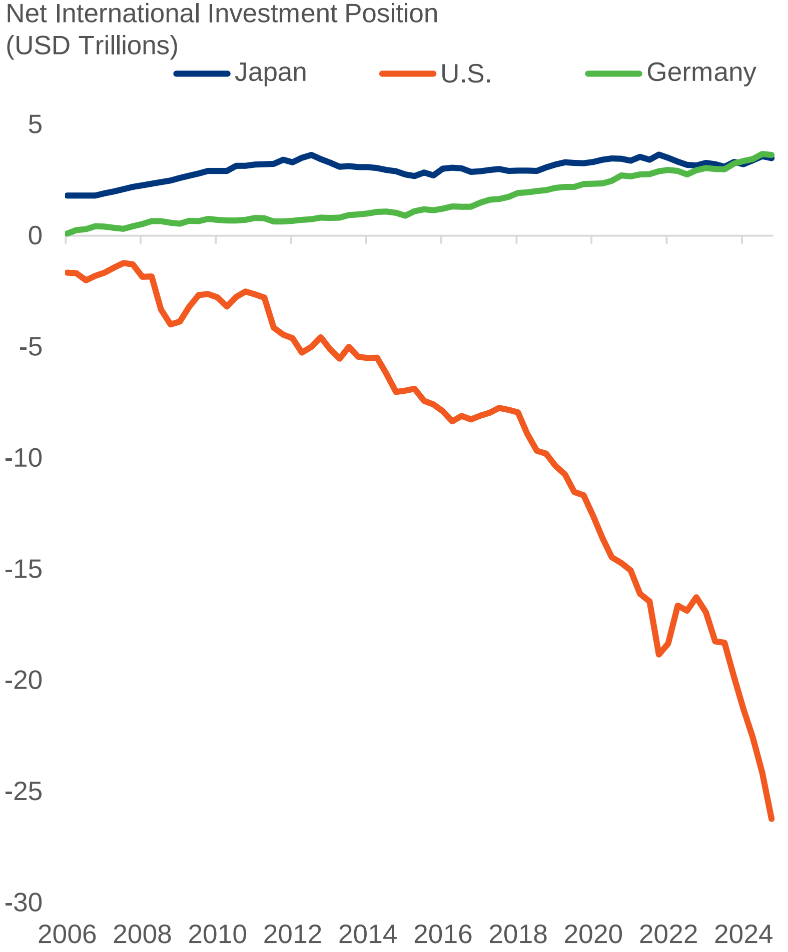
Selection of HK, U.S., Taiwan Equities, Bonds and Funds/ETFs

Chart of the Week

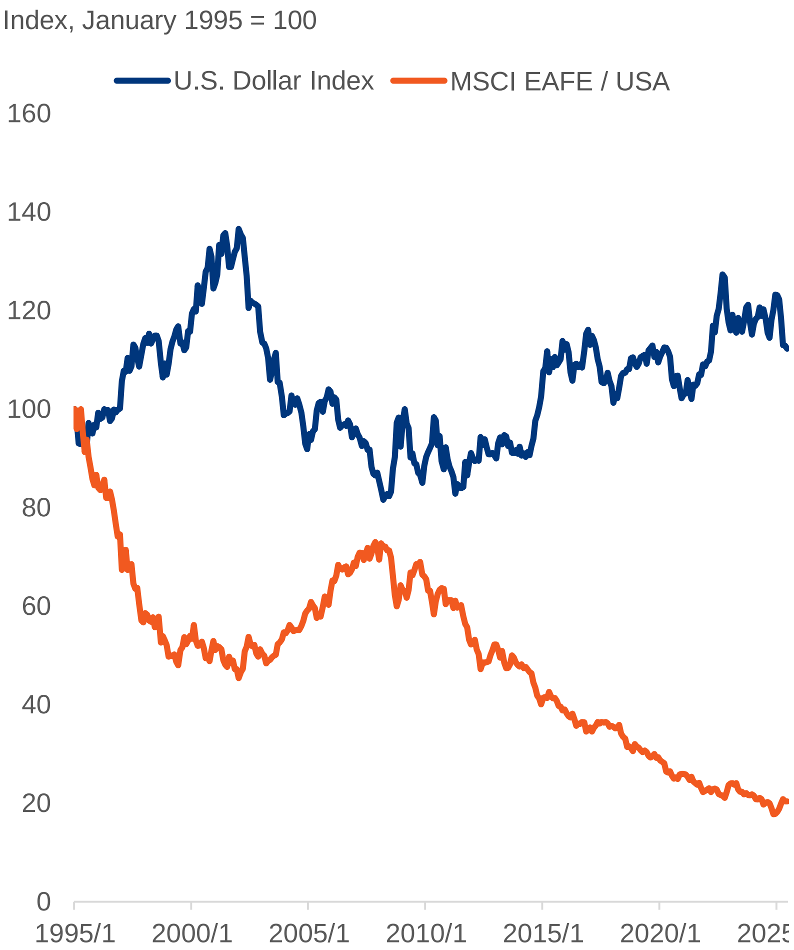
Will U.S. Section 899 Escalate the Trade War into a Capital War?

- What is Section 899? On May 22 this year, the U.S. House of Representatives passed the "One Big Beautiful Bill," which includes Section 899, formally titled "Enhanced Remedies to Address Unfair Foreign Taxation." This provision targets countries that impose unfair taxes on U.S. companies (such as the EU's digital services tax on online platform revenues). It allows the U.S. to impose income and withholding taxes of up to 20% on any investments made in the U.S. by those governments, companies, or individuals. The tax rate will increase gradually: 5% in the first year, with an additional 5% each year thereafter, until it reaches the 20% cap.
- What is the impact of Section 899? This provision challenges the openness of U.S. capital markets and directly affects the following: (1) Capital is more easily reallocated than traded goods, which may accelerate foreign capital outflows from the U.S., leading to a sharp decline in the U.S. net international investment position (U.S. overseas assets minus foreign investment in the U.S.); (2) Its legal authority is stronger than that of tariffs; (3) It reduces the attractiveness of U.S. assets to foreign investors. Indirect impacts include weakening the U.S. dollar and reducing the appeal of U.S. Treasuries and equities. Future revisions may exempt interest income from taxation, in which case the negative impact on the dollar would be more pronounced than on Treasuries. The bill has passed the House and is now under Senate review, where amendments are possible. A weaker dollar would favor non-U.S. and emerging market equities.

U.S. Net International Investment Position Falls Sharply, While Europe and Japan Rise



A Weakening Dollar Typically Benefits Non-U.S. and Emerging Markets



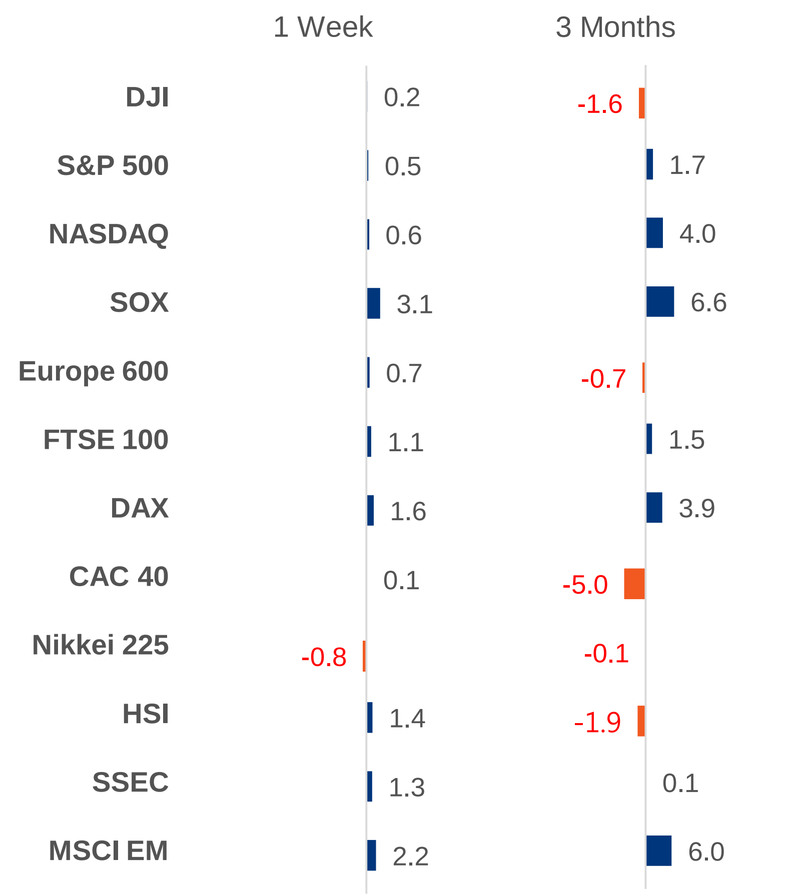
Source: Bloomberg, BNPP, IMF

Market Recap

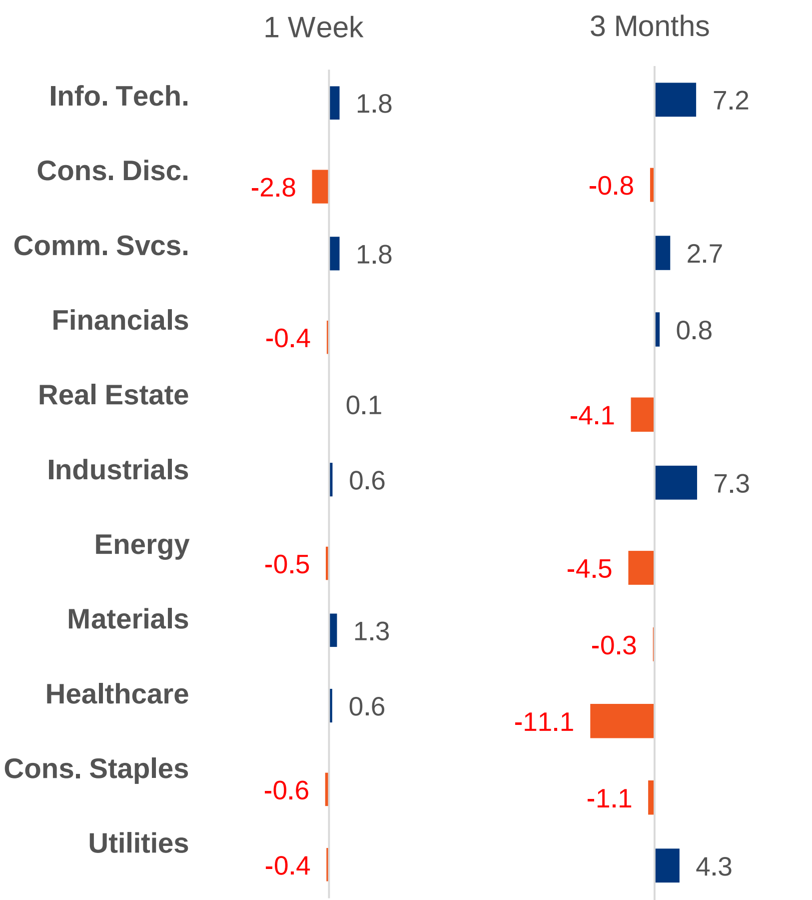
TACO Trades Leave Market Unshaken; U.S. Stocks Continue to Rise

- TACO trading (Trump Always Chickens Out) has recently gained popularity on Wall Street, implying that Trump often backs down at the last minute. Although Trump issued an executive order doubling tariffs on steel and aluminum imports from 25% to 50%, it failed to derail the upward trend in U.S. equities—indicating that markets have largely discounted policy flip-flops from Trump. U.S. economic data came in weaker, with the May Services PMI falling to 49.9, below the prior reading of 51.6 and the expected 52. The Fed's Beige Book also revealed signs of economic contraction. Still, U.S. stocks continued to rise this week, with the semiconductor-heavy Philadelphia Index rising 3.1%, the best performance. Meanwhile, Germany approved a EUR 46 billion corporate tax cut package to stimulate growth, boosting European equities and sending the DAX to a new record high.
- Tensions between Trump and Elon Musk have escalated, with both sides threatening potential retaliatory measures, leading to a sharp drop in Tesla's stock price and dragging down the Consumer Discretionary sector. Meanwhile, Trump and Xi Jinping have resumed dialogue, discussing topics such as trade and rare earths, and extended mutual invitations for future visits, signaling a desire to hold talks again soon—easing U.S.-China tensions. Strong AI-related demand is reflected in corporate earnings, fueling sharp gains in chipmakers like NVIDIA and Broadcom, which in turn lifted the Information Technology sector.

Major Stock Indices Performance by Region (%)



US Stock Performance by Sector (%)

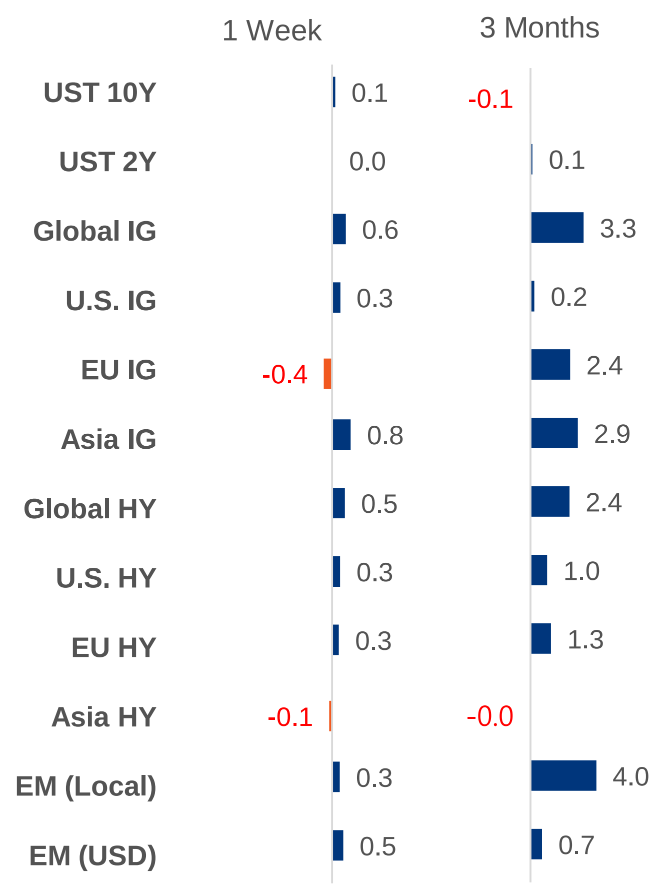


Source: Bloomberg, 6 June 2025

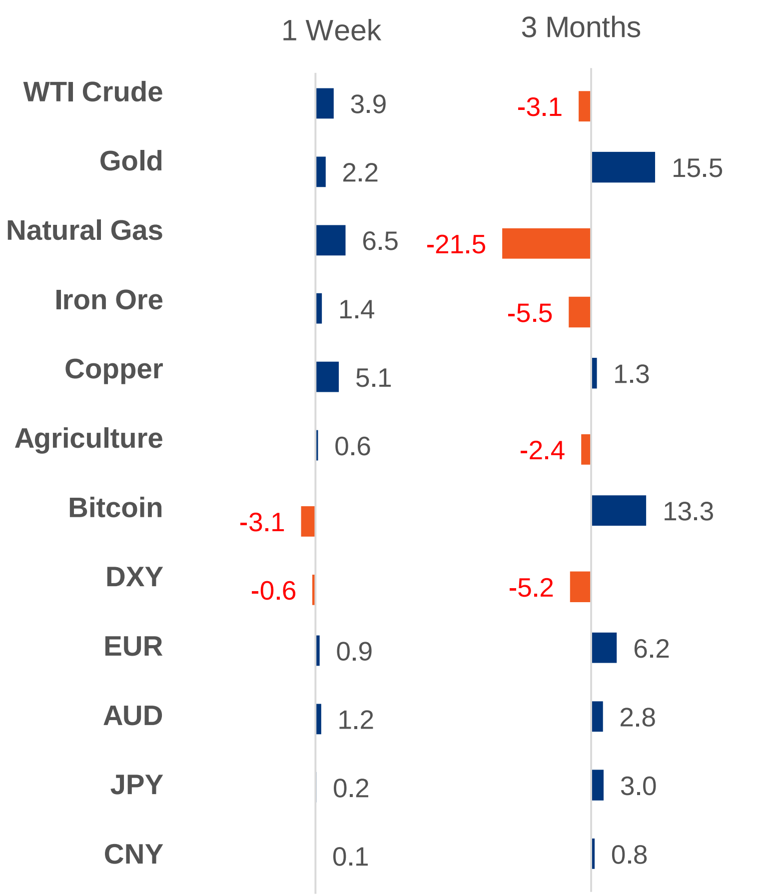
U.S. Economic Data Weakens; Interest Rates and the Dollar Decline

- Trump's erratic tariff policies have weighed on the U.S. economy, with signs of a labor market slowdown emerging. In May, key subcomponents of the U.S. Services PMI such as new orders, production, inventories, and backlogs experienced sharp declines. ADP employment data showed private payrolls rising by just 37,000 in May, well below April's 60,000 and the 114,000 expected, marking the lowest level since March 2023. Initial jobless claims for the week reached 247,000, the highest in nearly eight months. The OECD recently lowered its U.S. GDP growth forecasts for both this year and next to 1.6% and 1.5%, respectively (down from 2.2% projected in March), citing the economic drag from tariff policy. The U.S. Dollar Index weakened, and the 10-year Treasury yield fell to 4.39%, pushing bond prices slightly higher.
- The European Central Bank (ECB) cut rates by 25 basis points. President Christine Lagarde noted that a stronger Euro could add pressure to exports, but defense and infrastructure investment will help drive economic growth, keeping inflation sustainably near 2%. The market expects the ECB's rate-cut cycle to be nearing its end, lending support to the Euro. In the U.S., both interest rates and the dollar declined, boosting gold, which rose 2.2% for the week. Non-U.S. currencies strengthened across the board, with commodity currencies seeing the largest gains. Markets now await guidance from the upcoming June 18 FOMC meeting, which will likely influence currency trends.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



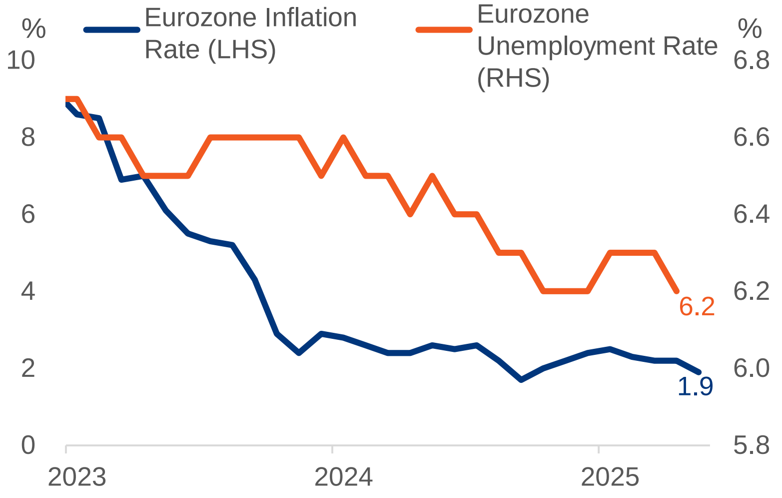
Source: Bloomberg, 6 June 2025

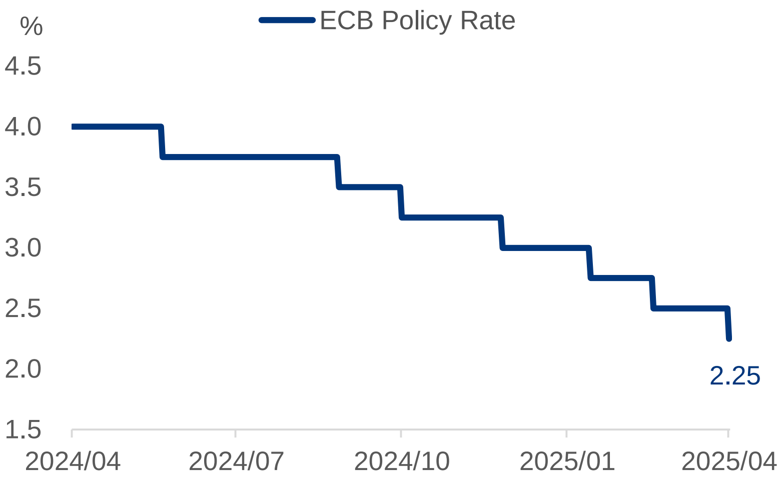
What's Trending

Cooling Inflation Keeps ECB Dovish, Injecting Fresh Momentum into Business Operations

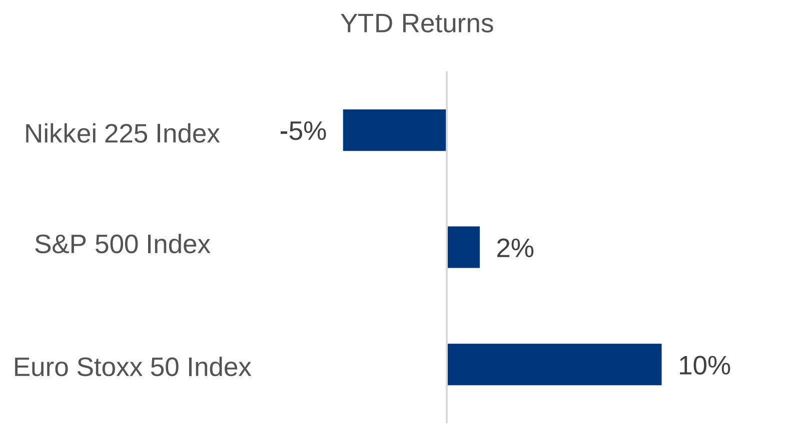
- According to Eurostat data released on June 3, the preliminary estimate of Eurozone headline inflation for May is 1.9%, compared with 2.2% in April, primarily due to a sharp decline in service-sector inflation. In addition, the unemployment rate in the Eurozone fell from 6.3% in March to 6.2%, providing the ECB with greater flexibility to cut rates.
- Since June 2024, the ECB has cut rates eight times. The deposit rate was lowered by 25 basis points to 2.00%, the main refinancing rate to 2.15%, and the marginal lending rate to 2.40%. This rate cut was in line with market expectations. Attention now turns to whether the ECB will pause rate cuts at the July meeting to carefully assess the impact of tariffs.
- Ongoing rate cuts have significantly lowered funding costs, allowing European businesses and households to boost economic activity under a more accommodative environment. Since the beginning of the year, European equities have outperformed their U.S. counterparts, supported by fundamentals and policy tailwinds, while valuations remain attractive. However, Europe continues to face tariff-related risks, with the latest tariff plan postponed until after July 4. The progress of negotiations and whether European assets emerge as a viable alternative to U.S. equities will likely become a key market focus starting in July.

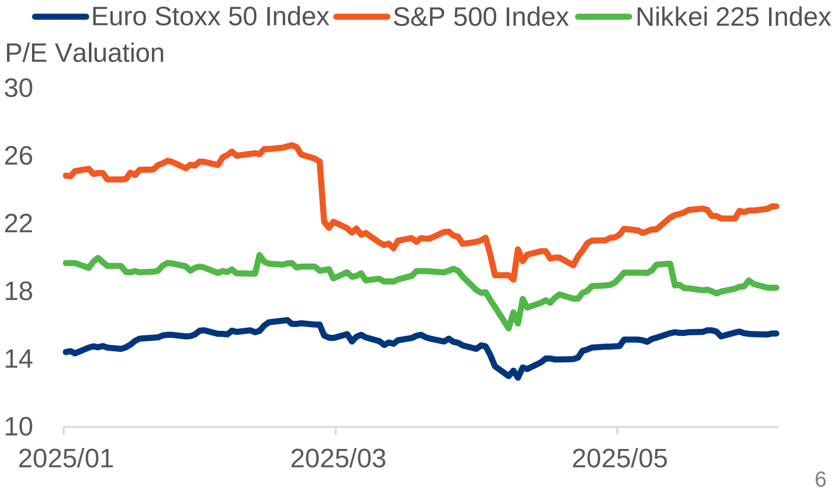
Declining Inflation and Unemployment in the Eurozone Provide Room for Continued Rate Cuts





Accommodative Environment Boosts European Equity Performance; Valuations Remain Low





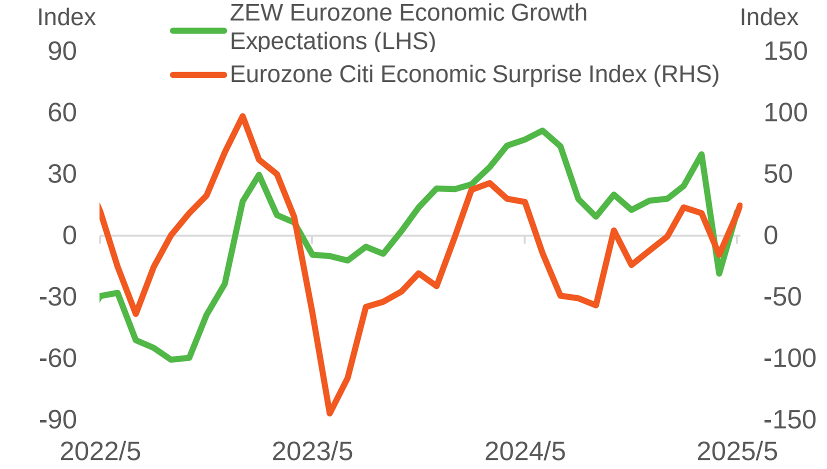
Source: Bloomberg, U.S. Congressional Budget Office (CBO), CRFB

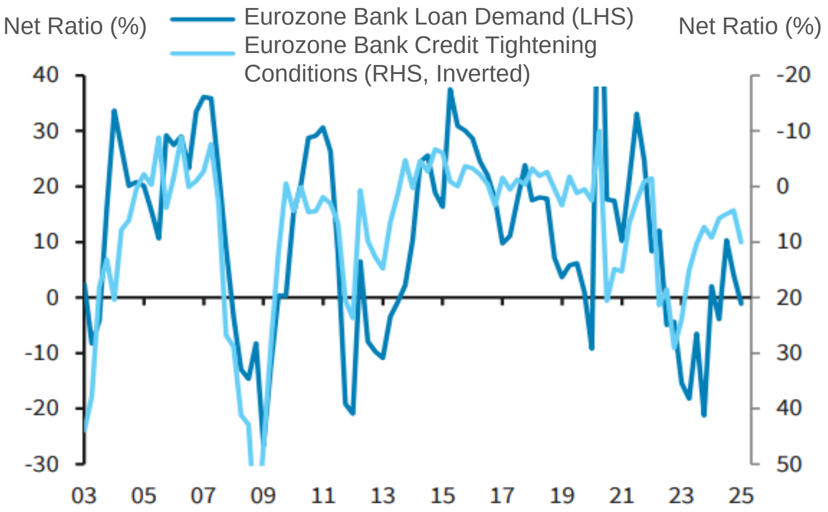
In Focus

Rate Cuts Support Economic Recovery; Steepening Eurozone Yield Curve Boosts Lending Profitability for Financials

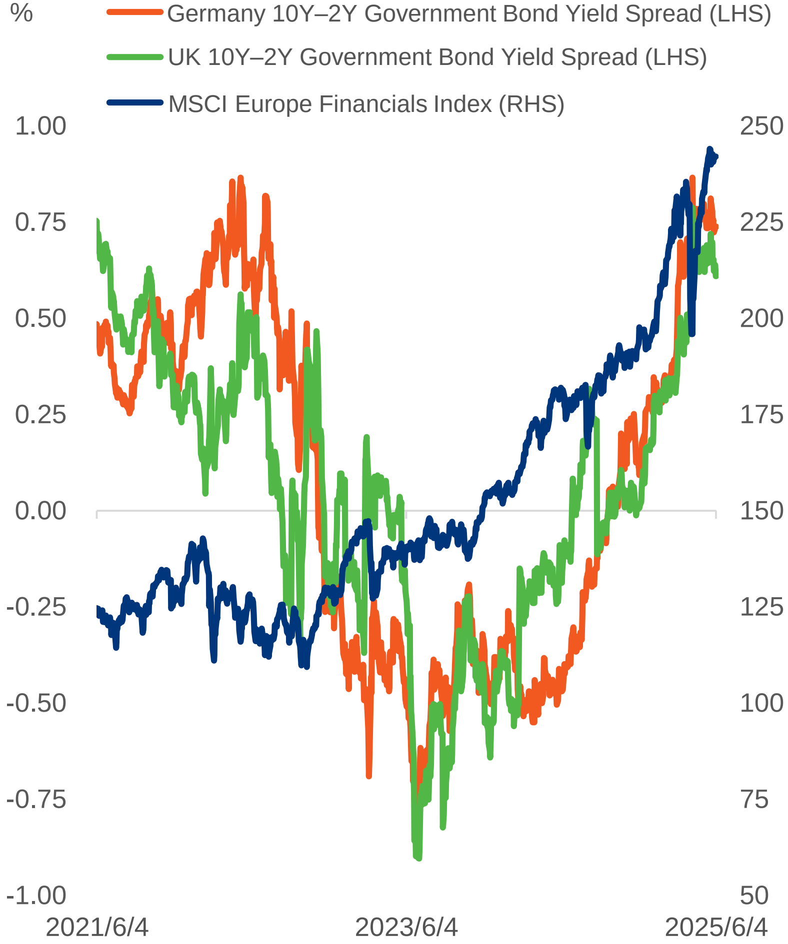
- Following the U.S.–UK trade agreement, Trump has now turned his attention to Europe, threatening to impose a 50% tariff on July 9 if U.S.–EU negotiations fail. Europe has responded firmly, announcing a retaliatory list valued at nearly EUR 100 billion. However, market concerns over tariff risks have noticeably eased. With aggressive rate cuts and expanded fiscal spending, Europe's financial conditions have become more accommodative, fueling an economic rebound from the trough. This is reflected in a rebound of the Eurozone Citi Economic Surprise Index in May and a significant improvement in the ZEW Eurozone Economic Sentiment Indicator. The recovery in economic outlook is driving up loan demand from both businesses and households.
- The ECB and the BOE began cutting rates in mid-2024, lowering short-term government bond yields. At the same time, Germany made a historic move to relax its "debt brake" rules earlier this year, increasing defense and infrastructure spending. Both Germany and the UK have announced plans to expand fiscal expenditures, which not only support economic growth but also push long-term government bond yields higher. As a result, the steepening of the European yield curve supports the traditional profit model of the financial sector, which relies on borrowing short and lending long. This environment improves earnings expectations for financial stocks, especially since the industry is less exposed to tariff-related risks, making for a supportive backdrop for financial sector performance.

Eurozone Economic Indicators Improved in May, Financial Conditions Eased





Steepening European Government Bond Yield Curve Supports Bank Lending Profits



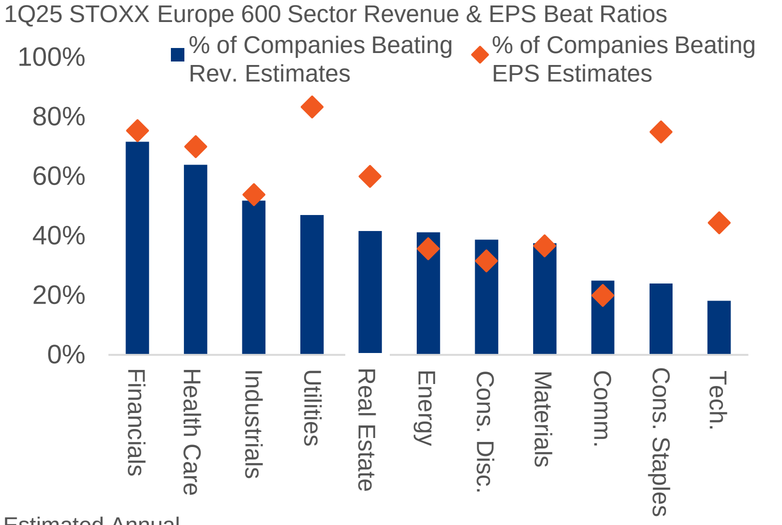
Source: Bloomberg, 4 June 2025

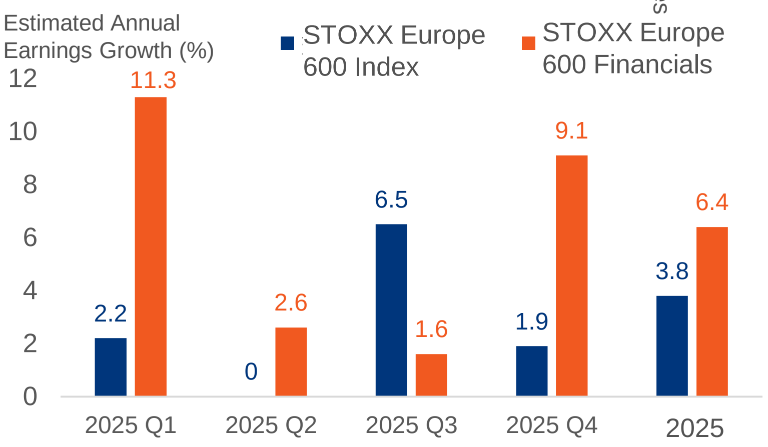
KGI

European Financial Stocks Deliver Strong Earnings; Lead All Sectors in Share Buybacks

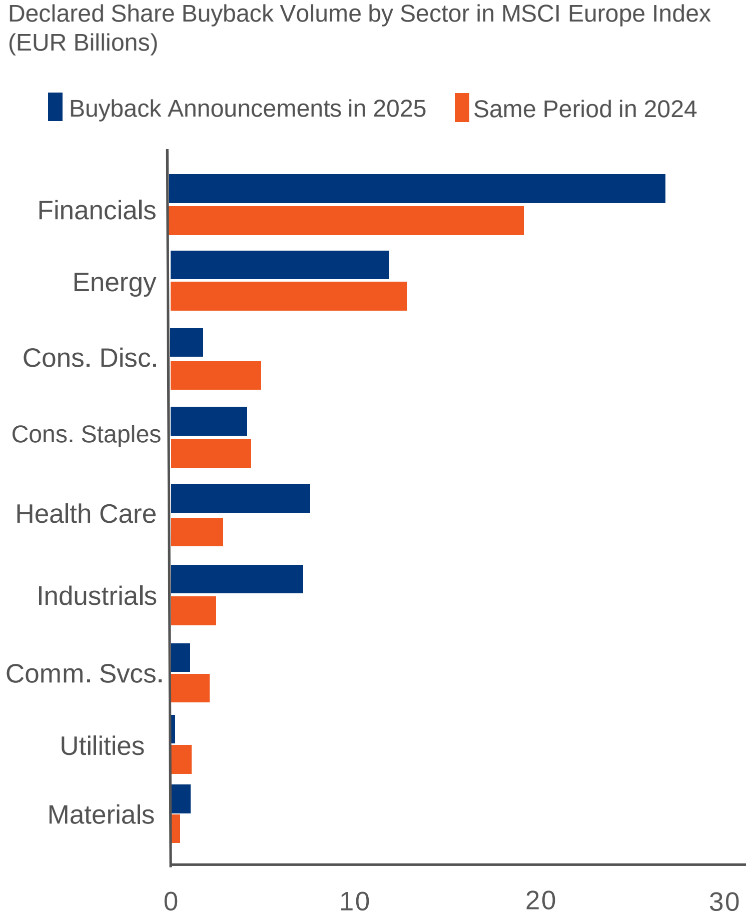
- Financial stocks stood out among the first-quarter results reported by constituents of the STOXX Europe 600 Index, with 71.6% of companies in the sector surpassing analyst expectations on revenue and 75.4% exceeding EPS forecasts. This makes Financials the only sector among the 11 major industries where both revenue and EPS beats surpassed the 70% threshold, highlighting the sector's solid fundamentals. Notably, within Q1 financial results, non-core income (trading revenue) was particularly strong, as market volatility driven by economic and trade uncertainty significantly boosted trading profits.
- In 2025 1Q, European financials announced over EUR 25 billion in share buybacks, the highest among all sectors in the MSCI Europe Index. This amount significantly exceeded that of the same period last year and served as one of the key drivers behind the sector's rally. In addition, M&A activity in the financial sector has been robust. In 2024, M&A deals in the European financial industry totaled USD 141.3 billion, accounting for approximately 17% of overall deal value, and this momentum is expected to continue into this year. Moreover, the EU's European Defense Industrial Strategy has relaxed financing restrictions for defense-related sectors, and the ongoing post-war reconstruction demand from Ukraine further supports revenue and profit growth in financial stocks. Backed by these multiple tailwinds, European financials are expected to retain their solid upward momentum.

European Financials Lead All Sectors in Revenue and Earnings Beats





European Financials' Share Buyback Announcements Have Surpassed Last Year's Levels



Source: Bloomberg, LSEG I/B/E/S, June 4 2025

Asset Strategy

<table>
<tr><th>Asset Type</th><th>Market View</th><th>Preferred Assets</th></tr>
<tr><td>Equities</td><td>◆ Trump and Xi Jinping have finally resumed dialogue, raising hopes for a de-escalation in U.S.–China tensions. However, signs of a cooling U.S. economy and labor market suggest a cautious outlook for the equity rebound. Conservative investors are increasing allocations to defensive sectors such as Consumer Staples, Utilities, and Telecommunications to enhance portfolio resilience. For more balanced investors, AI remains a long-term theme, and they may favor software stocks, which are less affected by tariffs and economic cycles, as well as cybersecurity stocks that benefit from rising demand, building positions gradually on pullbacks.
◆ With a U.S.–UK trade agreement in place, UK equities hold relative advantages. In the Eurozone, dovish monetary policy and Germany’s fiscal expansion are favorable, supporting a gradual and diversified accumulation strategy for European equities over the medium to long term. Japan’s economy continues to improve, presenting buying opportunities in bank and domestic demand stocks on dips.</td><td>Strategy: large-cap stocks and increase exposure to defensives such as Utilities, Telecoms, and Consumer Staples. For medium- to long-term investment, consider AI-related themes and software stocks with limited tariff exposure

Regions: European equities, U.K. equities, Japanese domestic demand and banking stocks</td></tr>
<tr><td>Bonds</td><td>◆ While demand for long-term U.S. Treasuries remains weak, yields on short- to medium-term bonds are still attractive. Investors may consider locking in yields during periods of rising Treasury rates. For investment-grade bonds, top-rated (A and above) blue-chip companies are preferred. Sectors with higher risk-adjusted spreads include Financials, Industrials, Energy, Utilities, and Communications.
◆ Given the potential for continued U.S. dollar depreciation, major non-U.S. currencies have room to appreciate. To diversify risk, investors may increase exposure to non-USD investment-grade bonds denominated in currencies such as the euro or Singapore dollar, thereby reducing dollar exposure.</td><td>Duration: Lock in yields with high-quality short- to medium-term corporate bonds

Types: Investment-grade debt from large corporations, particularly in Financials, Industrials, Energy, Utilities, and Communications sectors</td></tr>
<tr><td>Forex</td><td>◆ The Trump administration advocates for an orderly return of the U.S. dollar. However, markets are concerned that Trump’s “One Big Beautiful” tax reform bill will further widen the U.S. fiscal deficit. In addition, ongoing policy inconsistency has shaken confidence in the U.S. economic outlook and dollar-denominated assets. As a result, the medium- to long-term outlook for the U.S. Dollar Index remains tilted to the downside.
◆ In the short term, non-U.S. currencies such as the euro and yen have rallied sharply, but their momentum has paused.</td><td>USD: Weak Consolidation Phase
EUR & JPY: Volatile at Elevated Levels</td></tr>
<tr><td>Commodity</td><td>◆ The Trump administration’s inconsistent tariff policies have heightened risk-off sentiment. Combined with concerns over economic slowdown, inflationary pressures, and growing fiscal deficits, alongside sustained gold purchases by central banks and market participants, gold continues to have upside potential. Gradual accumulation on price pullbacks remains a favored strategy.</td><td>Gold: Bullish Bias</td></tr>
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Product Spotlight | HK Equities

Breakthroughs in Battery Technology and Innovative Drug Development Position China as a Global Leader

Battery and Pharmaceutical Manufacturing Poised to Break Through U.S. Restrictions

- Since the launch of “Made in China 2025” in 2015, the Chinese government has aimed to upgrade from low-end to high-end manufacturing, striving to become a world-class industrial powerhouse. Although this ambition has raised concerns in the U.S. and led to various tech restrictions, several sectors have successfully emerged as global frontrunners, most notably in battery raw materials and pharmaceuticals.

Chinese Battery Firms Accelerate Overseas Expansion

- In 2025, Chinese battery companies’ overseas expansion has evolved from simple capacity relocation to exporting full-scale technology ecosystems. CATL’s 100 GWh gigafactory in Debrecen, Hungary, has officially begun operations, with its first production line dedicated to BMW. BYD is building South America’s first energy storage battery plant in Chile using a turnkey factory export model and has also licensed its blade battery assembly technology to local enterprises.

Innovative Drugs Benefit from Central Government Policy Support

- In recent years, China’s central government has continuously introduced policies to support the development of innovative pharmaceuticals. Following the adoption of the “Implementation Plan for Supporting Innovative Drug Development Across the Entire Value Chain” last year, several follow-up measures have been rolled out this year. These include halving the approval timeline for innovative drugs and exploring the establishment of a “Category C Drug List” to include high-cost innovative drugs, thereby reducing financial pressure on patients and encouraging broader usage. These initiatives aim to boost R&D incentives for pharmaceutical innovation.

Commercialization and Overseas Expansion of Innovative Drugs

- In the first five months of this year, over 20 Category 1 innovative drugs in China were approved for market launch by the National Medical Products Administration, marking a five-year high for the same period. Additionally, in the first quarter alone, Chinese innovative drug out-licensing deals exceeded 40 transactions, with total deal value reaching approximately USD 36.93 billion, already surpassing the total for the first half of 2024. This reflects strong overseas demand and China’s leading edge in drug development, making overseas expansion a key strategic focus for the Chinese biopharma industry.

Key Policies on Innovative Drugs

Implementation Plan for Supporting Innovative Drug Development Across the Entire Value Chain

- Coordinate pricing, insurance, and investment policies to support innovation
- Shorten clinical trial review period from 60 to 30 days
- Encourage multi-tier payment mechanisms, including commercial insurance
- Support basic research and technological breakthroughs to strengthen the industry ecosystem
- Promote capital market activity among pharma firms to stimulate innovation

Opinions on Deepening the Reform of Drug and Medical Device Regulation to Promote High-Quality Development of the Pharmaceutical Industry

- Establish market exclusivity system to protect orphan and pediatric drugs
- Shorten clinical trial review timelines and strengthen R&D–regulatory coordination
- Enhance regulatory oversight for drugs and medical devices to ensure quality and safety
- Align with international regulatory standards to promote openness and global collaboration

Source: State Council of the People’s Republic of China

Contemporary Amperex Technology Co Ltd (3750)

Closing Price HK $309	**Target Price** HK $350

Contemporary Amperex Technology Co.,Ltd. manufactures and distributes battery products. The Company produces power battery systems, energy storage batteries, battery cells, and other products. It also provides batteries recycling services.

- **Actively Expanding in Europe to Mitigate Tariff Impact**

  CATL is working to mitigate the impact of U.S. tariffs by expanding in Europe, with three major battery plants underway in Germany, Hungary, and Spain. The company is expected to further increase its market share this year. In Q1 2025, U.S. shipments made up only a low single-digit percentage of total sales, below market expectations of a low double-digit share. If exports to the U.S. were completely halted, the estimated valuation impact would range from 2% to 9%.

- **Global Leader in Automotive Battery Technology**

  CATL's second-generation Shenxing battery, the world's fastest-charging, adds 520 km of range in just 5 minutes and is set for commercial production by end-2025. Its charging speed leads the industry. CATL also plans small-scale solid-state battery commercialization by 2027. With high energy density and safety, solid-state batteries have drawn strong market interest, with only BYD and Toyota seen as capable rivals.

- **Rapid Growth and Diversified Applications in the Energy Storage Battery Market**

  The outlook for energy storage batteries is promising, supported by national policies and surging demand for AI computing power. The market is seeing strong growth in demand for uninterrupted power supply systems. As a market leader in energy storage batteries, CATL is expected to achieve a revenue CAGR of over 30% in the next two years. CATL's energy storage systems lead the industry in both lifespan and energy density. It is also actively expanding into emerging application scenarios such as industrial machinery, maritime vessels, and aviation, highlighting the wide applicability of its technology.

- **CATL Target Price is HKD 350**

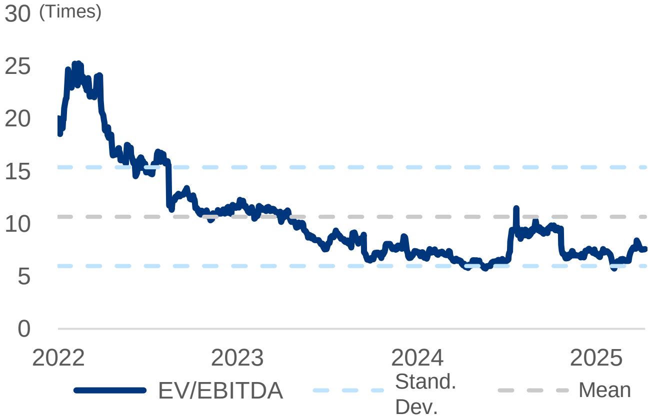
  Using a sum-of-the-parts valuation approach, CATL's target price is estimated at HKD 350, implying a potential upside of approximately 15%. This corresponds to an EV/EBITDA multiple of 11.2x, assuming the A-H share premium has normalized to parity.

Source: Bloomberg

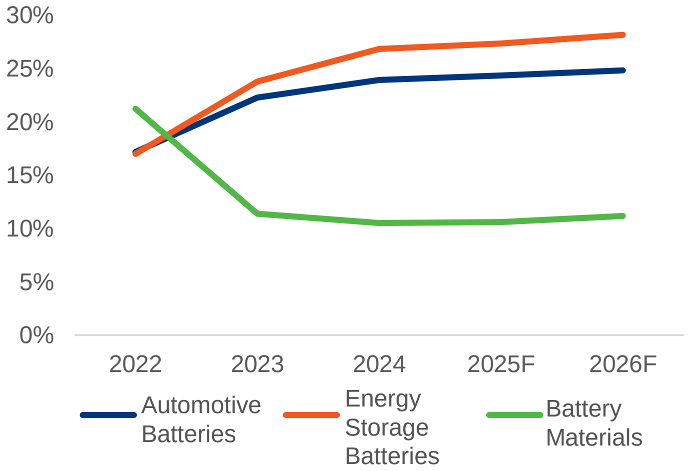
Financials

	2022	2023	2024	2025F	2026F
Net Income (1B CNY)	328.6	400.9	362.0	440.7	524.8
NI YoY	152	22	-10	22	19
EPS(CNY)	7.2	11.8	11.6	14.8	17.9
EPS YoY	88	64	-2	28	21
ROA	24.7	24.4	23.4	23.4	23.8

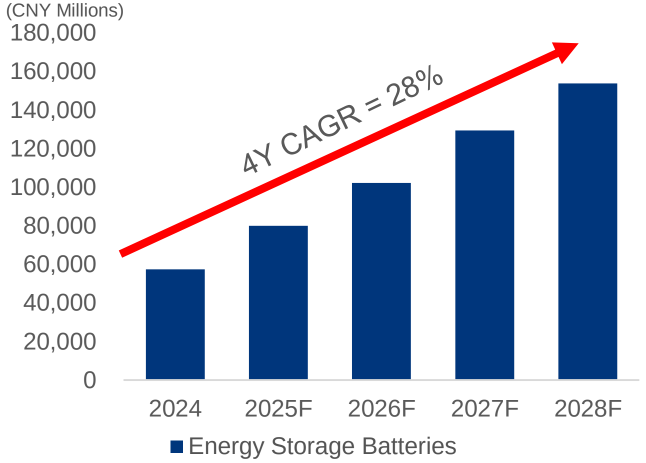
Forecasted EV/EBITDA (A-shares)



Gross Margin By Division



Rev. from Energy Storage Batteries



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Akeso Inc (9926)

Closing Price HK $82.0 **Target Price** HK $100

Akeso, Inc. is a biopharmaceutical company. The Company specializes in drug discovery and development functions, including target validation, antibody drug discovery and development, CMC production process development, and GMP compliant production.

- **Commercialized Products Provide Fundamental Support**

  Akeso currently has six commercialized drugs, mainly in the areas of oncology and autoimmune diseases. Its primary revenue contributors are two bispecific antibodies—Cadonilimab and Ivonescimab. Additionally, a psoriasis treatment drug received NDA (New Drug Application) acceptance earlier this year and is expected to be commercialized within 2025. With a growing pipeline of commercialized products, Akeso is projected to deliver a revenue CAGR of 50% over the next four years.

- **Robust Drug Pipeline; Actively Expanding Commercialized Products Overseas**

  There are currently 15 pipeline drug candidates, with 3 in Phase III clinical trials. Among them, a treatment for atopic dermatitis (an autoimmune disease) is expected to launch after 2026, highlighting Akeso's robust commercialization pipeline and continued revenue growth momentum. In addition, Akeso is actively expanding its drug portfolio overseas. Ivonescimab (AK112 overseas) has shown superior efficacy compared to the world's best-selling immunotherapy drug. With its bispecific antibody properties, market sentiment toward its sales potential is positive.

- **Risk Factors**

  Although Ivonescimab (AK112) has demonstrated clinical relevance in overseas trials, the sample size was insufficient to achieve statistical significance. Further enrollment and extended trial time will be required, indicating that international launch will take additional time. Nevertheless, it remains one of the most closely watched drugs in the market.

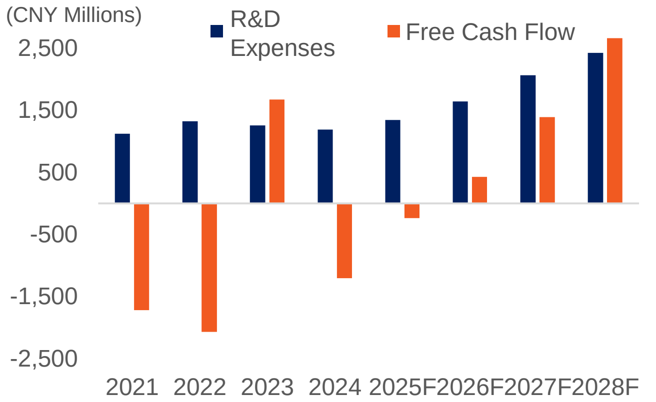
- **Valuation**

  Based on a 2026 price-to-sales ratio of 15x, the implied share price is HKD 100.

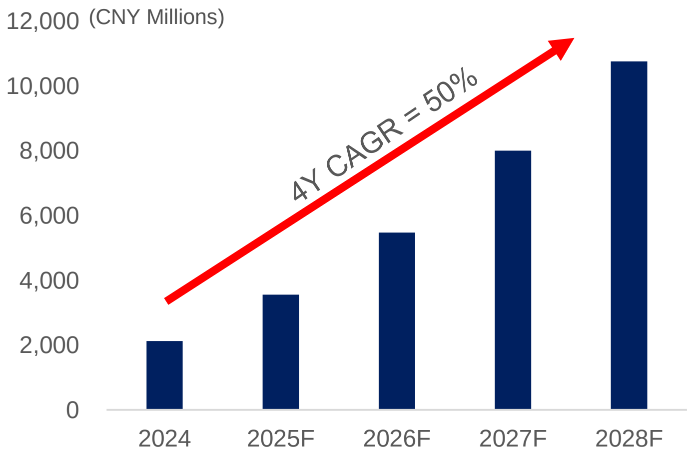
Financials

	2022	2023	2024	2025F	2026F
Net Income (1M CNY)	837	4,526	2,139	3,557	5,477
NI YoY(%)	271%	440%	-53%	67%	54%
EPS(CNY)	-1.42	2.42	-0.6	0.06	1.02
EPS YoY(%)	-7.8%	-	-	-	1647%
ROA(%)	-22.7%	27.6%	-4.7%	0.8%	7.1%

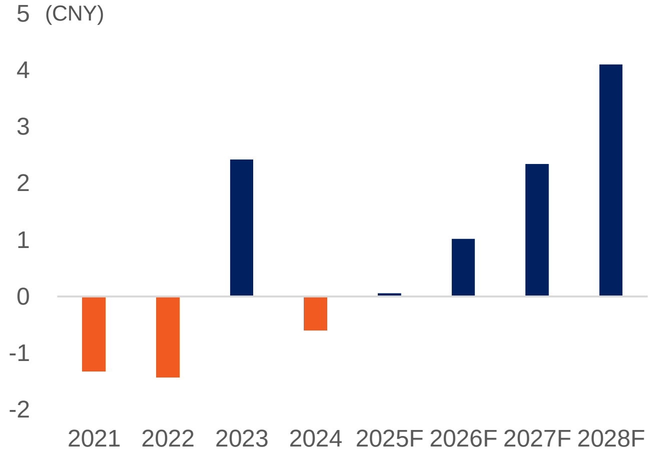
Cost of R&D & FCF



Revenue



Profit



Source: Bloomberg

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US Equities

Eurozone Enters Easing Cycle

- U.S. non-farm payrolls increased by 139,000 in May, a slight slowdown from April's revised figure of 147,000 but still above the market expectation of 126,000. Additionally, job figures for March and April were both revised downward, with a combined reduction of 95,000 jobs from previous reports. The unemployment rate held steady at 4.2% for a second consecutive month, in line with market forecasts. In May, average hourly earnings for all private non-farm employees rose by 15 cents, or 0.4%, to $36.24—higher than April's 0.2% gain and exceeding the market expectation of 0.3%.
- The U.S. ISM Manufacturing PMI for May declined to 48.5 from 48.7 in April, below the market expectation of 49.5.
- The U.S. ISM Services PMI for May fell sharply to 49.9 from April's 51.6, well below the expected 52.
- In May, U.S. private sector added 37,000 jobs, with April's figure revised down to 60,000. The market had expected 114,000.
- At its June 2025 meeting, the ECB cut rates by 25 basis points as inflation approaches the 2% target. Projections were lowered to 2.0% for 2025 (from 2.3%), 1.6% for 2026 (from 1.9%), with a rebound to 2.0% in 2027. Core inflation is expected at 2.4% in 2025, then 1.9% in both 2026 and 2027. Eurozone GDP is forecast to grow 0.9% in 2025, 1.1% in 2026 (slightly below the previous 1.2%), and 1.3% in 2027, supported by stronger real incomes, a solid labor market, and higher public investment. However, trade policy uncertainty remains a drag on exports and business investment. ECB President Christine Lagarde said the rate cut may mark the end of the current policy cycle, suggesting further moves could be paused.
- Eurozone GDP grew by 0.6% QoQ in Q1 2025, beating market expectations of 0.4% and up from the previous 0.3%. Inflation in May eased to 1.9%, below the expected 2.0% and marking the first time since September 2024 that it has fallen below 2%. The unemployment rate stood at a relatively low 6.2% in April. Germany and France have recently seen slower growth, with the manufacturing sector facing headwinds from U.S. tariff policies. However, Southern and Central-Eastern European countries show promising growth prospects, supported by strength in services and rising immigration.

1-Year Euro Swap Rate and ECB Deposit Rate

Source: Bloomberg

Deutsche Bank AG (DB)

Closing Price US $28.13	Target Price US $30.0

Deutsche Bank AG is a global financial service provider delivering commercial, investment, private, and retail banking. The Bank offers debt, foreign exchange, derivatives, commodities, money markets, repo and securitization, cash equities, research and so on.

- **Resilience Amid Rate-Cut Cycle**
  As Eurozone inflation dropped to 1.9% in May, slightly below the ECB's 2% target, the ECB continued its rate-cut cycle by lowering the deposit rate by 25 basis points to 2%. In this easing environment, Deutsche Bank has demonstrated strong adaptability and resilience by expanding fee-based income sources. Over the past year, its Private Bank and Asset Management divisions increased assets under management (AUM) by €95 billion. As of Q1 FY2025, total AUM reached €1.01 trillion, with net inflows of €19.9 billion in the quarter. Management fee income rose 8% YoY to €490 million.
- **Open Banking Payments Boosted by Partnership with Mastercard**
  Deutsche Bank's collaboration with Mastercard focuses on open banking and account-to-account payments, jointly enhancing the Request to Pay service. This initiative introduces instant, direct-from-account payment methods, enabling merchants to process transactions more quickly, securely, and cost-effectively. It improves transaction transparency, reconciliation efficiency, and cost performance, aligning with Europe's strong demand for flexible, secure, and digitalized payments. The partnership is expected to become a core pillar of Deutsche Bank's long-term digital infrastructure strategy, strengthening its strategic role in the European payments ecosystem and driving scalable future digital finance development.
- **Q1 FY2025 Delivers Best Performance in 14 Years**
  Revenue rose 10% YoY to €8.5 billion, the highest in a decade. Pre-tax profit jumped 39% to €2.8 billion, reaching a 14-year high. Net profit also rose 39% to €2.0 billion. Return on equity reached 11.9%, surpassing the full-year target of 10%.
- **Valuation Consensus**
  The 12-month average target price on Bloomberg is USD 26.74, with a high estimate of USD 33.20 and a low of USD 11.95.

Source: Bloomberg

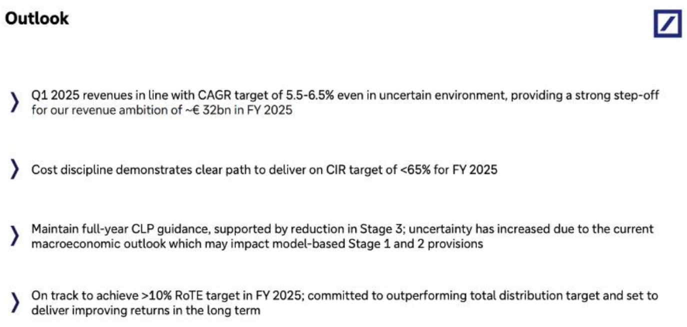
1-Year Price

Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	5.8	5.5	4.6	-3.9	2.4
EBITDA (%)	20.0	22.0	24.0	33.0	33.7
EPS (EUR)	2.53	2.39	2.20	2.83	3.15
Net Profit Margin(%)	18.1	16.0	13.6	17.7	18.7

Source: Bloomberg; 2025/26F are market estimates

FY2025 Guidance



Outlook

- Q1 2025 revenues in line with CAGR target of 5.5-6.5% even in uncertain environment, providing a strong step-off for our revenue ambition of ~€ 32bn in FY 2025
- Cost discipline demonstrates clear path to deliver on CIR target of <65% for FY 2025
- Maintain full-year CLP guidance, supported by reduction in Stage 3; uncertainty has increased due to the current macroeconomic outlook which may impact model-based Stage 1 and 2 provisions
- On track to achieve >10% RoTE target in FY 2025; committed to outperforming total distribution target and set to deliver improving returns in the long term

P/E & P/B

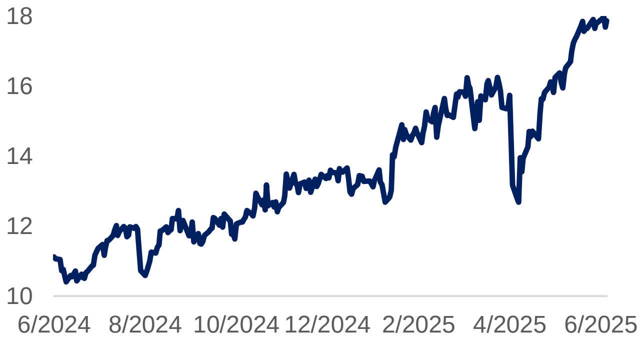
Barclays PLC (BCS)

Closing Price	US $18.21	Target Price	US $19.0

Barclays PLC is a global financial services provider engaged in retail banking, credit cards, wholesale banking, investment banking, wealth management, and investment management services.

- **UK Enters Rate-Cutting Cycle**
  In May, the BOE lowered the benchmark interest rate by 25 basis points to 4.25%, marking the fourth rate cut since August 2024. With inflation in a downward trend, monetary policy has shifted toward easing. Additionally, the UK posted the highest Q1 growth among G7 nations, reaching 0.71%.
- **Strong Demand for UK Mortgage Loans**
  According to EY ITEM Club's forecast, UK mortgage loan growth is expected to rise from 1.5% in 2024 to 3.1% in 2025, indicating a recovery in market activity. UK Finance projects that total mortgage lending will reach GBP 260 billion in 2025, with GBP 148 billion from home purchase loans. Remortgaging activity is expected to grow by 30%, reaching GBP 76 billion.
- **Mortgage Loan Book Growth Accelerates**
  Barclays' mortgage loan book has grown rapidly over the past few quarters. In FY25 Q1, total loan volume reached GBP 8.5 billion, marking the highest level in three years. The bank has maintained a strategy of increasing mortgage credit risk with the proportion of high loan-to-value (i.e., LTV of 85% or higher) loans rising to 22% in the first quarter.
- **Earnings Exceed Expectations**
  In FY25 Q1, revenue rose 11% YoY to GBP 7.71 billion. Pre-tax profit grew 19% YoY to GBP 2.7 billion, beating the market consensus of GBP 2.49 billion. EPS increased 26% YoY to 13 pence. Return on equity reached 14%.
- **Valuation Consensus**
  The 12-month average target price on Bloomberg is USD 17.7, with a high estimate of USD 19.0 and a low of USD 12.9.

1-Year Price



Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	15.9	3.5	3.0	-4.9	4.7
EBITDA (%)	30.9	25.6	26.8	31.0	34.3
EPS (GBP)	0.38	0.31	0.34	0.41	0.50
Net Profit Margin(%)	22.7	17.0	17.7	20.6	23.1

Source: Bloomberg; 2025/26F are market estimates

FY2025/2026 Guidance

	Q125 actuals	2025 guidance	2026 targets
Statutory RoTE	14.0%	c.11%	>12%
Total payout		Progressive increase vs. 2024[1]	At least £10bn[1] 2024-2026
Investment Bank RWAs (% of Group)	56%		c.50%
CET1 ratio	13.9%	13-14%	13-14%
Income	£7.7bn		c.£30bn
Group NII excl. Investment Bank and Head Office	£3.0bn	>£12.5bn c.£12.2bn previously	
Barclays UK NII	£1.8bn	>£7.6bn c.£7.4bn previously	
Cost: income	57%	c.61%	High 50s%
Loan Loss Rate (LLR)	61bps	50-60bps Through the cycle	50-60bps Through the cycle

P/E & P/B

Source: Bloomberg

TW Equities

Taiwan Stocks Reclaim Short-Term Moving Averages; Bulls Rechallenge Previous Highs, Focus on AI-Related Themes

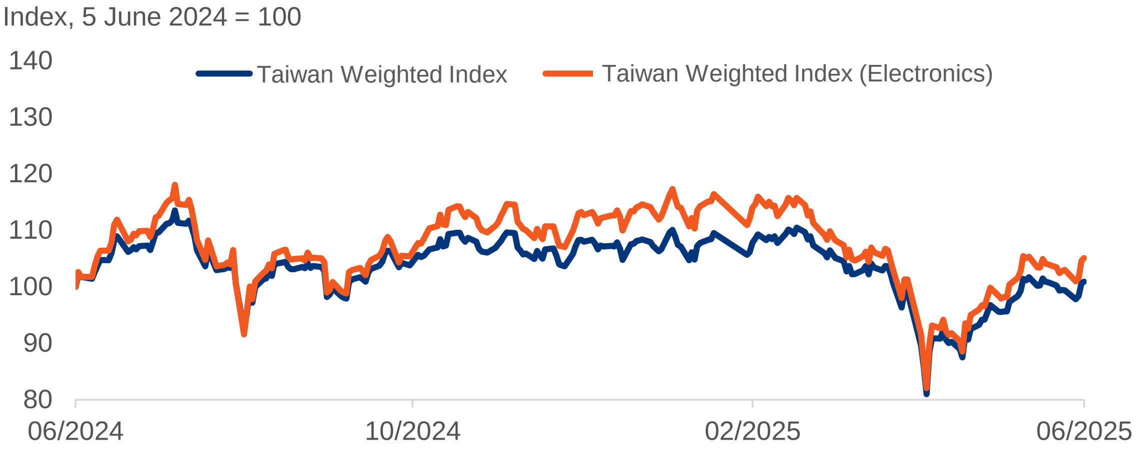
► Taiwan Market Gaps Up Above Short-Term Moving Averages, Though Caution Needed for Post-Rally Volatility

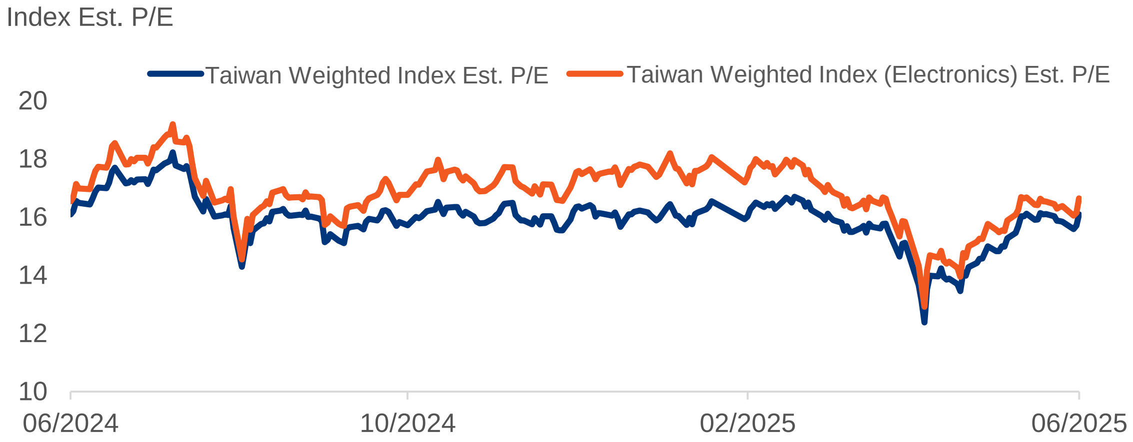
Taiwan stocks opened lower but closed higher last week, showing a bullish pattern. Technically, after gapping down below the monthly moving average on Monday and testing the quarterly line, the market rebounded on Tuesday. On Wednesday, it opened higher and closed with a strong bullish candlestick, reclaiming short-term moving averages with a gap up, filling the bearish gap from June 2. The daily KD indicator formed a golden cross, favoring a bullish breakout. This rally may challenge the previous high of 21,879. If a pullback occurs, initial short-term support is seen at the gap low of 21,303.

► Market Strength Concentrated in AI-Themed Stocks; Focus on AI Concepts and May Revenue Results

Observing last week’s market structure, large-cap tech stocks generally moved higher, and financials rebounded from early losses. Both supportive of the broader market’s continued upward trend. Strong performers included AI-related segments such as robotics, networking, IP design, graphics cards, servers, and thermal modules, along with memory stocks benefiting from solid revenue results. Since the broader market's correction has not fully resolved, aggressive chasing is not advised. With May revenue figures being released soon, focus should be on stocks with revenue-driven catalysts and bullish technical setups.

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





Source: Bloomberg

Chung-Hsin Electric & Machinery Corp (1513 TT)

Chung-Hsin Electric & Machinery MFG. Corp. manufactures and markets power generators and the related parts, air-conditioners, dehumidifiers, and meters. The Company also provides products and service for air-conditioning, environmental engineering, and construction.

- **Taipower Procurement to Improve; Future Labor Shortage Risks Declining**

  Previous project delays due to labor shortages at Taipower had weakened procurement momentum. We expect conditions to improve gradually in 2H25, primarily because, starting early 2025, Taipower began allowing foreign workers to take the technician certification exam for power line maintenance. Those who pass may participate in substation and distribution-line construction.

- **Taipower's CapEx Growth Provides Stable Revenue Contribution**

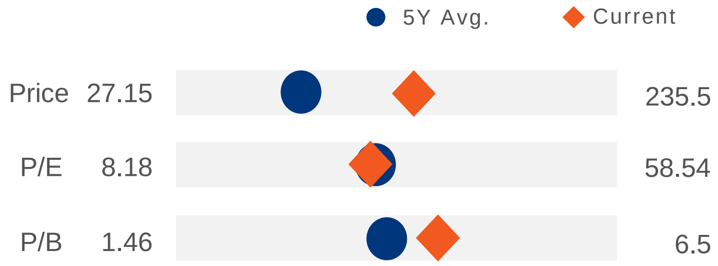
  Looking ahead to 2026, Chung-Hsin Electric's order intake is expected to be driven mainly by engineering projects. It continues to expand production capacity and adopt automation equipment, which is projected to boost capacity by 15 to 20%, offsetting the impact of product mix changes. With overseas rev. rebounding, rev. and gross margin in 2026 are estimated to reach NT$ 33.8 billion and 28.4%, respectively. Adjusted EPS for 2025 and 2026 are projected at NT$ 8.56 / $ 10.37.

Financials

	2022	2023	2024	2025F	2026F
EPS (NTD)	5.21	3.25	7.33	8.56	10.37
EPS Growth (%)	24.4	-37.7	125.9	16.7	21.2
P/E Ratio	29.4	47.1	20.9	17.9	14.8
ROE (%)	19.9	11.0	20.8	21.4	23.9

Source: Company data, estimates of KGI analyst

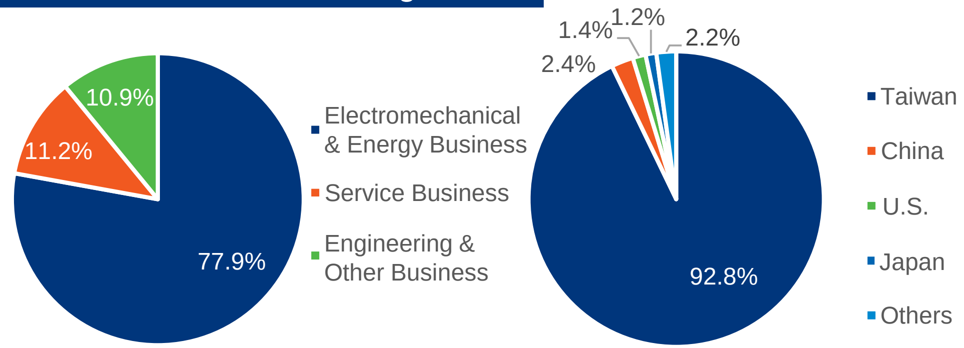
Valuations



1-Year Price

As of 5 June 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	1.64	11.96	3.00	-0.64	0.32	-6.36

Revenue Sources and Regions



Source: Bloomberg

Kaori Heat Treatment Co Ltd (8996 TT)

Kaori Heat Treatment Co., Ltd. provides services and equipments for steel and braze heat treatment.

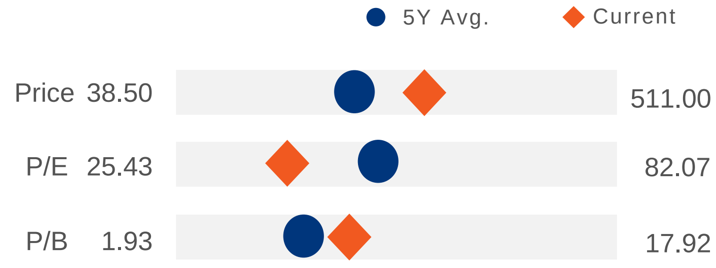
- **Liquid Cooling Revenue to Double in 2025**
  A U.S.-based server OEM client stated in its May earnings call that it shipped 4,100 direct liquid cooling (DLC) AI server cabinets in 2024, with a target to double that in 2025. We expect Auras Technology to remain the key manifold supplier for NVIDIA's B-series GPU platform.
- **Strong SOFC Pull-In; PHE Demand Stabilizing**
  U.S. SOFC customer demand outlook remains optimistic, and Auras Technology is expected to secure more hot box orders due to its superior quality control compared to Indian competitors. Meanwhile, the plate heat exchanger (PHE) business is recovering from the bottom, with improved visibility in heat pump orders after last year's weakness. We project SOFC and PHE revenues to grow by 43% and 3% YoY in 2025, accounting for 39% and 28% of total revenue, respectively.

Financials

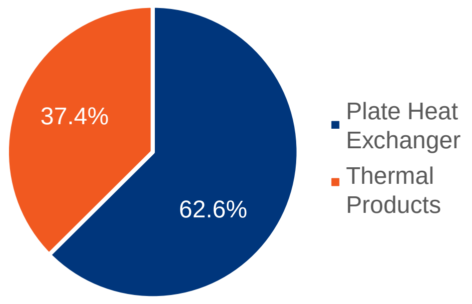
	2022	2023	2024	2025F	2026F
EPS (NTD)	3.37	6.45	5.56	10.10	14.58
EPS Growth (%)	101.8	91.5	1.7	54.1	44.3
P/E Ratio	71.1	37.1	36.5	23.7	16.4
ROE (%)	15.3	24.2	19.3	26.2	33..2

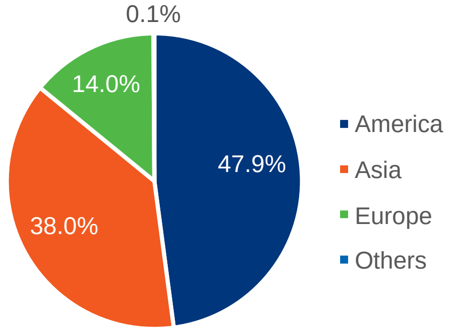
Source: Company data, estimates of KGI analyst

Valuations



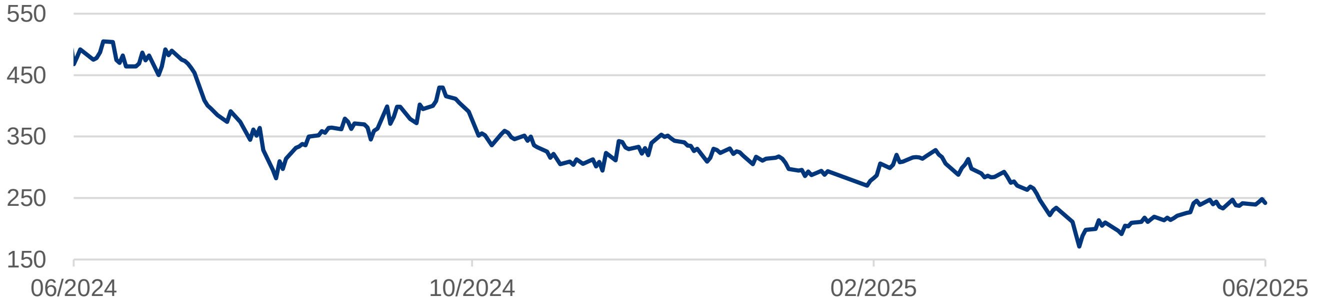
Revenue Sources and Regions





Source: Bloomberg

1-Year Price



As of 5 June 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	2.11	13.35	-20.53	-30.26	-23.66	-48.29

Mutual Funds/ ETFs

Bullish Outlook on European Equities Backed by Positive Drivers

► **iShares MSCI Europe Financials ETF (EUFN)**

- Aims to track the performance of the MSCI Europe Financials Index.
- Primarily invests in large-cap financial sectors, with banks and insurance being the top two industries.
- Top three country allocations include the UK, Germany, and Switzerland.

► **Allianz European Equity Dividend**

- Seeks long-term capital growth by investing in companies listed in the European equity market that exhibit environmental/social characteristics and are expected to deliver sustainable dividend returns.
- The strategy aims to capture the upside potential of European equities while providing potential and consistent stable income, with lower volatility and drawdowns, targeting steady and sustained returns.
- The investment team is highly experienced, with the fund manager having over 30 years of investment experience.
- Multiple currency classes are available, including: EUR, USD hedged, HKD hedged, CNY hedged, AUD hedged, and GBP hedged.

Product	iShares MSCI Europe Financials ETF (EUFN)		Allianz European Equity Dividend	
Features	■ Focuses on European financial stocks, suitable for investors seeking concentrated exposure to Europe's financial sector. ■ European financial stocks generally have lower P/E ratios than their U.S. peers, offering attractive valuations.		■ Focuses on companies in the European equity market with potential to deliver sustainable dividend returns, seeking long-term capital growth. ■ The fund manager has over 30 years of investment experience and flexibly adjusts asset allocation based on market conditions.	
AUM	USD 3.88 billion		EUR 1.742 billion	
Tracking Index	MSCI Europe Financials Index		-	
Currency	USD		EUR	
Exchanges	NASDAQ		-	
Holdings	84		47	
3M/YTD Return	10.55% / 36.74%		-0.98% / 9.24%	
Top 5 Regions (%)	UK Germany Switzerland Italy Spain	21.81 14.63 12.80 9.83 9.45	Germany U.S. France UK Spain	16.7 16.7 15.3 11.2 7.6
Top 5 Holdings (%)	HSBC Holdings Plc Allianz Group Banco Santander S.A. UBS Group AG Zurich Insurance Group AG	7.49 5.58 4.30 3.88 3.72	Siemens AG Allianz Money Market Fund FD-I3 Roche Holding AG Munich Reinsurance Company Sanofi	4.1 4.1 3.6 3.5 3.2

Source: Bloomberg, 4 June 2025

iShares MSCI Europe Financials ETF (EUFN)

Profile

This ETF tracks the "MSCI Europe Financials Index" and aims to replicate the performance of the index constituents.

■ Focus on the European Financial Market

The tracked index focuses on European financial stocks. This ETF is suitable for investors seeking concentrated exposure to the European financial sector.

■ Attractive Valuation

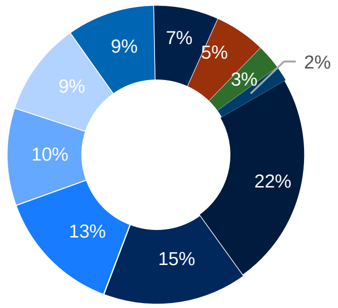
European financial institutions span multiple countries and industries, including banking, insurance, asset management, and fintech. They are positioned both within the EU and in global markets, helping to diversify risk and enhance resilience. In addition, European financial stocks generally have lower P/E ratios than their U.S. peers, making European financial assets more attractive in global capital allocation.

■ Benefiting from ECB's Easing Policy

As the U.S. becomes a primary source of uncertainty, aside from the need for risk diversification, Europe's cooling inflation and continued policy rate cuts have significantly lowered corporate funding costs, making the region a key market focus.

Inception Date	20 Jan. 2010	**AUM**	USD 3.88 billion
ETF Category	Equities	**Holdings**	84
Expense Ratio	0.48%	**3Y Stand. Dev. (Ann.)**	21.03%

Regions

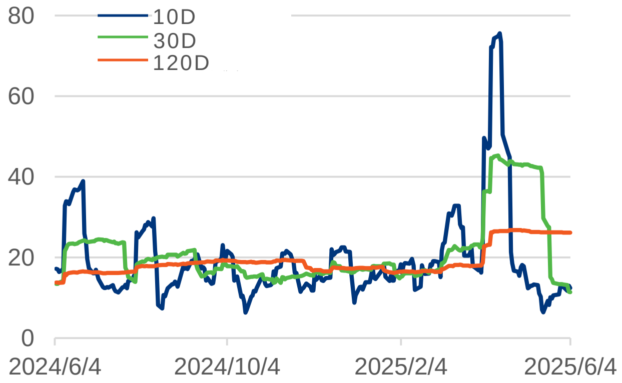


Top-5 Holdings (%)

HSBC Holdings Plc	7.49
Allianz Group	5.58
Banco Santander S.A.	4.30
UBS Group AG	3.88
Zurich Insurance Group AG	3.72

1-Year Performance

1-Year Volatility



As of 2025/6/4	1M	3M	YTD	1Y	3Y	5Y
Return (%)	4.29	10.55	36.74	40.60	105.80	152.01

Source: Bloomberg, 4 June 2025

Allianz European Equity Dividend

Profile

This fund aims to invest in companies within the European equity market that are expected to deliver sustainable dividend returns based on environmental and social characteristics, in order to achieve long-term capital appreciation.

■ Focused on Dividend and Strategic Income Advantages

The fund focuses on companies within the European equity market that are expected to generate lasting dividend income, seeking long-term capital growth. It is suitable for investors looking to capture the upside potential of the European equity market along with stable dividend returns.

■ Professional Management Team

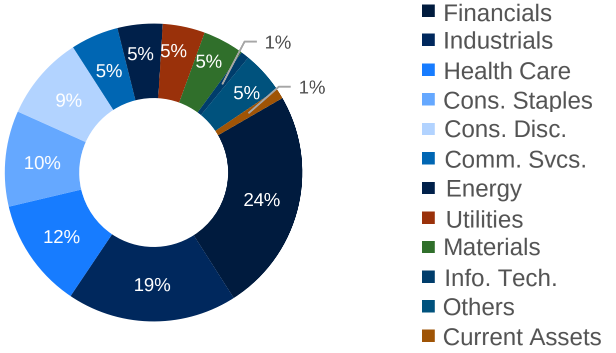
Actively managed by Allianz's professional team, the fund manager has over 30 years of investment experience and adjusts asset allocation flexibly according to market conditions, delivering relatively resilient long-term performance.

■ Offers Accumulation, Monthly Distribution, and Multi-Currency Options

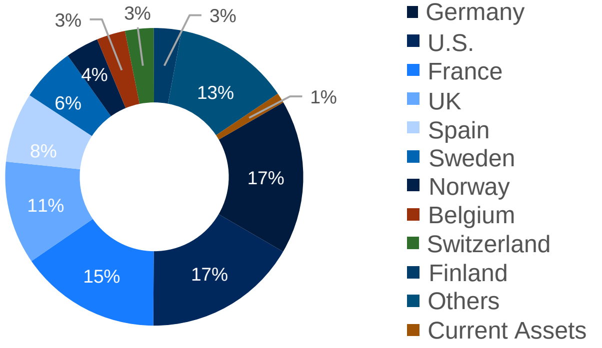
The fund provides accumulation and monthly distribution share classes, along with multiple currency options including EUR, USD hedged, HKD hedged, CNY hedged, AUD hedged, and GBP hedged.

Inception Date	10 Mar. 2009	**AUM**	EUR 1.742 billion
Morningstar Category	Large-cap European Stocks	**Fund Category**	Equities
Morningstar Rating	★★★	**3Y Stand. Dev. (Ann.)**	16.13%

Sectors



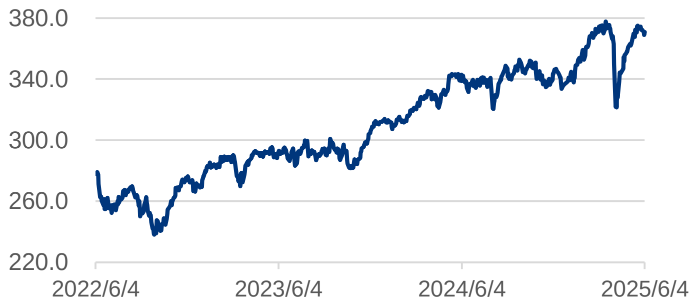
Regions



Top-5 Holdings (%)

Siemens AG	4.1
Allianz Money Market Fund FD-I3	4.1
Roche Holding AG	3.6
Munich Reinsurance Company	3.5
Sanofi	3.2

3-Year NAV



As of 3 June 2025	1M	3M	YTD	1Y	3Y	5Y
USD Cumulative Return (%)	2.22	-0.98	9.24	7.64	27.01	32.84
Quartile Ranking Within Category	4	3	3	3	2	2

Source: Allianz Global Investors Fund Monthly Report, Morningstar. Returns as of June 3, 2025; monthly report as of April 30, 2025. Data based on share class: AT EUR Acc

KGI

Bonds

European Fiscal Expansion Plans Improve Economic Outlook Across the Region, Benefiting European Banks

► HSBC 7.05 PERP (HSBC Holdings plc) (USD Denominated)
► HSBC 4.75 PERP (HSBC Holdings plc) (EUR Denominated)

- HSBC boasts a robust capital adequacy ratio, nearly unmatched among European banks. As of the end of 2024, the group reported a CET1 capital ratio of 14.9%, well above the peer median of 13.5%. The group's capital management approach ensures that its subsidiaries and sub-groups are self-sufficient in capital. In addition, HSBC's profitability significantly outperformed the European sector average, with a return on tangible equity (ROTE) of 14.6% in 2024.
- HSBC holds a high proportion of corporate deposits and ample liquidity. Its large and diversified deposit base supports a stronger funding profile than global peers. As of the end of 2024, the loan-to-deposit ratio stood at 56%, significantly lower than the domestic and global peer average. HSBC reported a liquidity coverage ratio of approximately 148%. The group’s long-standing policy ensures that operating subsidiaries are self-sufficient in funding, with deposits exceeding loans.
- The group maintains relatively sound asset quality, with highly diversified credit exposure, including a substantial portion of corporate loans and residential mortgages, primarily concentrated in Hong Kong and the UK. Its risk appetite is generally lower than that of local competitors in each market. Credit performance remains relatively strong, and provisions for exposure to China’s commercial real estate (CRE) sector are now largely in place, suggesting limited additional credit losses ahead in that market. In recent years, HSBC has gradually exited underperforming and non-core Western markets to enhance profitability. The bank aims to achieve USD 1.5 billion in cost savings by 2026.

Products	HSBC 7.05 PERP (HSBC Holdings plc) (USD Denominated)	HSBC 4.75 PERP (HSBC Holdings plc) (EUR Denominated)
ISIN	US404280FA24	XS1640903701
Highlight	HSBC maintains a high proportion of corporate deposits and ample liquidity. The group also enjoys relatively sound asset quality and highly diversified credit exposure.	
Maturity Date	PERP	PERP
Next Redemption Day	2030/6/5	2029年7月4日
Coupon (%)	Float/7.05/Semi-annual	Float/4.75/Semi-annual
Currency	USD	EUR
Years to Maturity	-	-
Rating (Moody's/ Fitch/S&P)	Baa3/BBB/-	Baa3/BBB/-
Seniority	Subordinated	Subordinated
YTM/YTC (%)	7.75/6.99	6.31/5.25

Source: Bloomberg

KGI

HSBC 7.05 PERP (HSBC Holdings plc)

Profile

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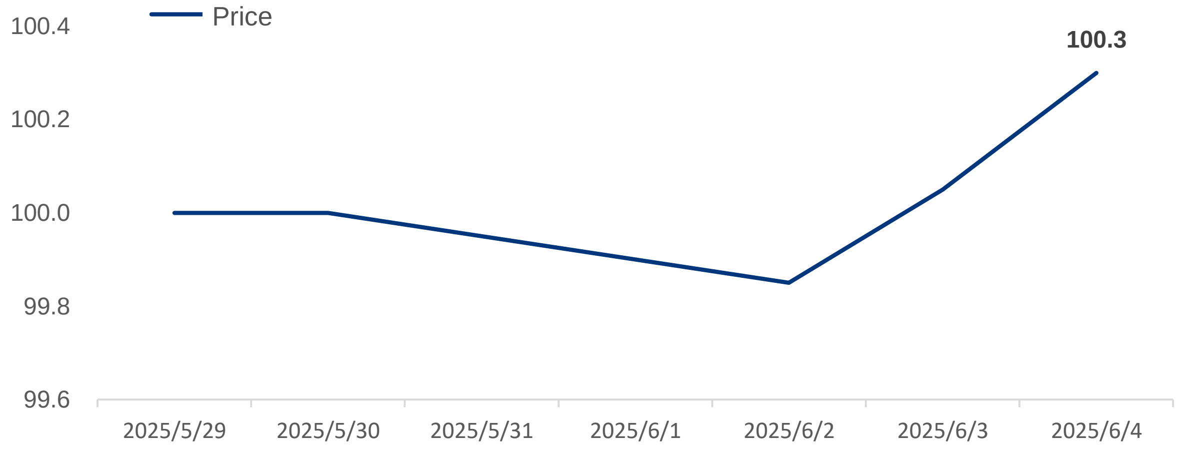
Financials	2022	2023	2024
CET1 Common Equity Tier 1 Ratio (%)	14.20	14.80	14.90
Return on Tangible Equity (%)	9.50	14.87	14.85
Liquidity Coverage Ratio (%)	132.00	136.00	138.00

Overview

Name	HSBC 7.05 PERP	**ISIN**	US404280FA24
Maturity Date	PERP	**Remaining Maturity**	-
Coupon(%)	Float/7.05/Semi-annual	**YTM/YTC(%)**	7.75/6.99
Currency	USD	**Min. Subscription/ Increment**	200,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa3/BBB/-	**Seniority**	Subordinated

Price Since Issuance



Source: Bloomberg, June 5, 2025. Note: The coupon reset date is December 5, 2030, with semi-annual interest payments. The applicable annual interest rate is based on the U.S. 5-year Treasury yield. The reset rate equals the bond yield on the settlement date plus 2.98%

HSBC 4.75 PERP (HSBC Holdings plc)

Profile

HSBC boasts a robust capital adequacy ratio, nearly unmatched among European banks. As of the end of 2024, the group reported a CET1 capital ratio of 14.9%, well above the peer median of 13.5%. The group's capital management approach ensures that its subsidiaries and sub-groups are self-sufficient in capital. In addition, HSBC's profitability significantly outperformed the European sector average, with a return on tangible equity (ROTE) of 14.6% in 2024.

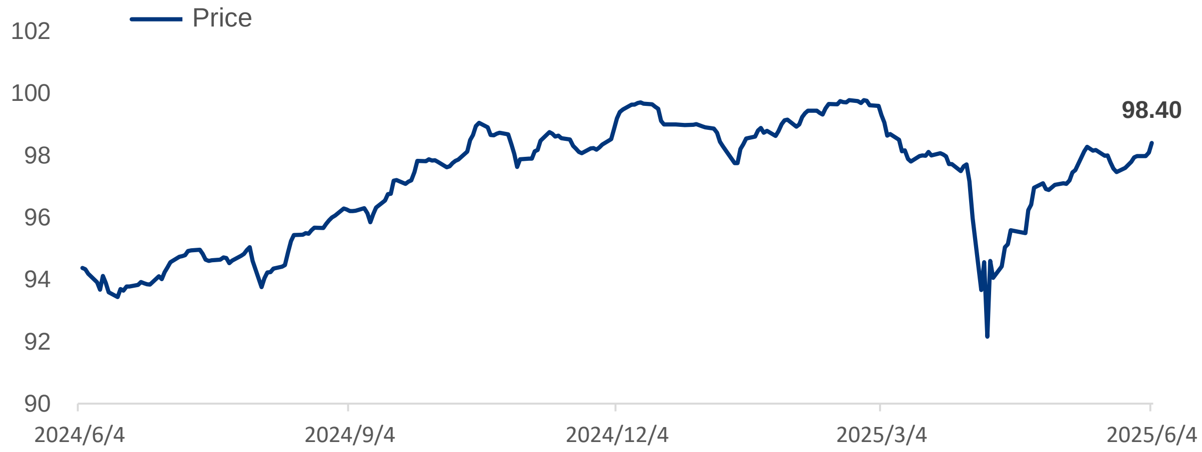
- HSBC holds a high proportion of corporate deposits and ample liquidity. Its large and diversified deposit base supports a stronger funding profile than global peers. As of the end of 2024, the loan-to-deposit ratio stood at 56%, significantly lower than the domestic and global peer average. HSBC reported a liquidity coverage ratio of approximately 148%. The group’s long-standing policy ensures that operating subsidiaries are self-sufficient in funding, with deposits exceeding loans.
- The group maintains relatively sound asset quality, with highly diversified credit exposure, including a substantial portion of corporate loans and residential mortgages, primarily concentrated in Hong Kong and the UK. Its risk appetite is generally lower than that of local competitors in each market. Credit performance remains relatively strong, and provisions for exposure to China’s commercial real estate (CRE) sector are now largely in place, suggesting limited additional credit losses ahead in that market. In recent years, HSBC has gradually exited underperforming and non-core Western markets to enhance profitability. The bank aims to achieve USD 1.5 billion in cost savings by 2026.

Financials	2022	2023	2024
CET1 Common Equity Tier 1 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

Overview

Name	HSBC 4.75 PERP	ISIN	XS1640903701
Maturity Date	PERP	Remaining Maturity	-
Coupon(%)	Float/4.75/Semi-annual	YTM/YTC(%)	6.31/5.25
Currency	EUR	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa3/BBB/-	Seniority	Subordinated

Price Since Issuance



Source: Bloomberg, June 5, 2025. Note: The coupon reset date is July 4, 2029, with semi-annual interest payments. The applicable annual interest rate is based on the 5-year Euro swap rate. The reset rate equals the bond yield on the settlement date plus 3.84%

Appendix

Key Economic Data / Events

JUNE 2025

2 Monday
- U.S. May. S&P Global Manufacturing PMI Final Value (Actual:52.0 Est:52.3 Prev:50.2)
- U.S. May. ISM Manufacturing PMI (Actual:48.5 Est:49.5 Prev:48.7)
- Japan May. Jibun Bank Mfg PMI Final Value (Actual:49.4 Prev:48.7)
- Eurozone May. HCOB Manufacturing PMI Final Value (Actual:49.4 Est:49.4 Prev:49.0)

3 Tuesday
- U.S. Apr. Durable Goods Orders MoM Final Value (Actual:-6.3% Est:-6.3% Prev:7.6%)
- U.S. Apr. JOLTS Job Openings (Actual:7,391k Est:7,100k Prev:7,200k)
- Eurozone May. CPI YoY Initial Value (Actual:1.9% Est:2.0% Prev:2.2%)
- China May. Caixin Mfg PMI (Actual:48.3 Est:50.7 Prev:50.4)

4 Wednesday
- U.S. May. ISM Services PMI (Actual:49.9 Est:52.0 Prev:51.6)
- U.S. May. S&P Global Services PMI Final Value (Actual:53.7 Est:52.3 Prev:50.8)
- Japan May. Jibun Bank Services PMI Final Value (Actual:51.0 Prev:52.4)
- Eurozone May. HCOB Services PMI Final Value (Actual:49.7 Est:48.9 Prev:50.1)

5 Thursday
- U.S. Last Week's Jobless Claims (Actual:247k Est:235k Prev:239k)
- Eurozone Apr. PPI YoY (Actual:0.7% Est:1.1% Prev:1.9%)
- Eurozone Jun. ECB Main Refinancing Rate (Actual:2.15% Est:2.15% Prev:2.40%)
- China May. Caixin Service PMI (Actual:51.1 Est:51.0 Prev:50.7)
- Taiwan May. CPI YoY (Actual:1.55% Est:1.80% Prev:2.03%)

6 Friday
- U.S. May. Unemployment Rate (Est:4.2% Prev:4.2%)
- U.S. May. Change in Nonfarm Payrolls (Est:126k Prev:177k)
- Eurozone Q1 GDP YoY Final Value (Est:1.2% Prev:1.2%)

9 Monday
- Japan Q1 GDP QoQ Final Value (Est:-0.2% Prev:0.6%)
- Taiwan May. Exports YoY (Est:15.5% Prev:29.9%)
- China May. CPI YoY (Est:-0.2% Prev:-0.1%)

10 Tuesday
- Eurozone June. Sentix Investor Confidence (Prev:-8.1)
- Japan May. Machine Tool Orders YoY Initial Value (Prev:7.7)
- SJM Earnings

11 Wednesday
- U.S. May. CPI YoY (Est:2.5% Prev:2.3%)
- U.S. May. CPI Ex Food and Energy YoY (Est:2.9% Prev:2.8%)
- Japan May. PPI YoY (Est:3.5% Prev:4.0%)

12 Thursday
- U.S. Last Week's Jobless Claims (Prev: 247k)
- U.S. May. PPI YoY (Prev:2.4%)
- ORCL Earnings

13 Friday
- U.S. June. U. of Mich. Sentiment Initial Value (Est:52.0 Prev:52.2)
- Japan Apr. Industrial Production MoM Final Value (Prev:0.2%)
- Eurozone Apr. Industrial Production YoY (Prev:3.6%)
- ADBE Earnings

Source: Bloomberg

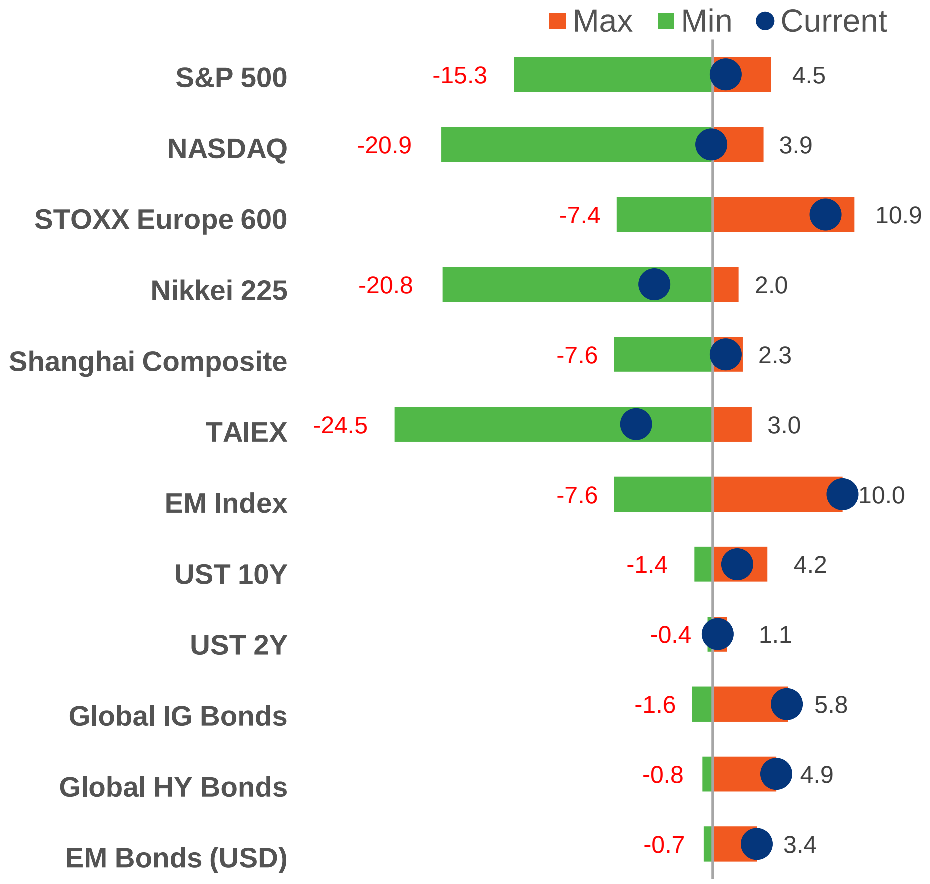
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation	
						Revenue	EPS
4 June 2025	CROWDSTRIKE HOLDINGS INC (CRWD)	1.1B	1.1B	0.66	0.73		v
5 June 2025	BROADCOM INC (AVGO)	14.95B	15.00B	1.57	1.58	v	v

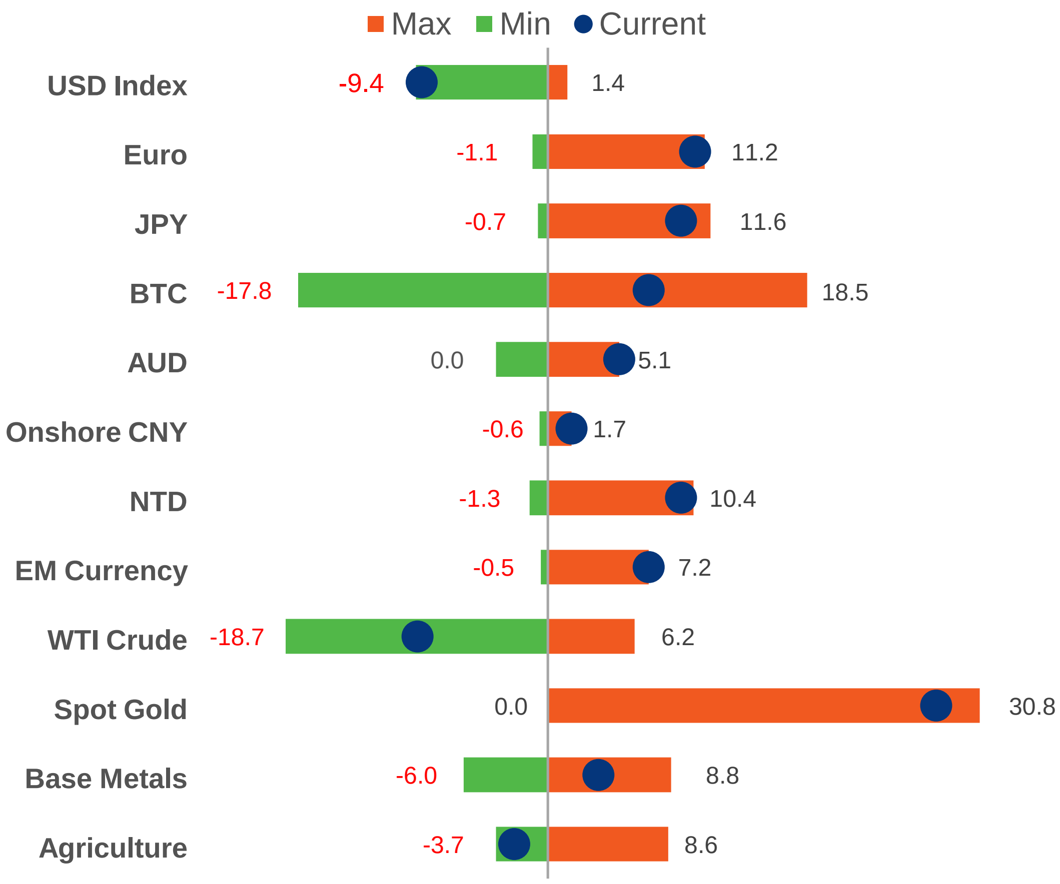
Source: Investing.com

YTD Major Market / Asset Performance

Stock and Bond Market YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg, 6 June 2025

Technical Analysis

60D MA

S&P 500 Index

- Current: 5,939
- 60D MA: 5,630

NASDAQ Index

- Current: 19,298
- 60D MA: 17,786

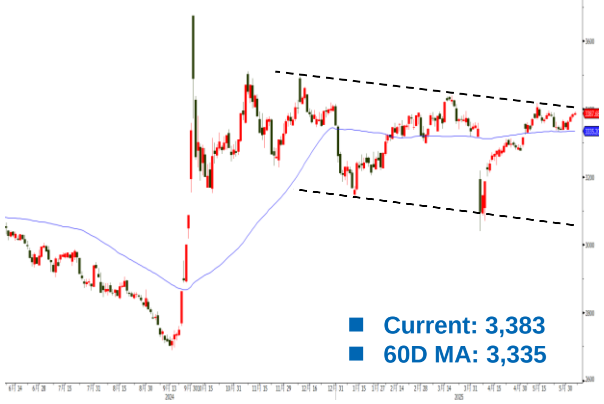
STOXX Europe 600 Index

- Current: 552
- 60D MA: 533

Nikkei 225 Index

- Current: 37,667
- 60D MA: 36,350

Shanghai Composite Index



- Current: 3,383
- 60D MA: 3,335

MSCI Emerging Markets Index

- Current: 1,183
- 60D MA: 1,121

Gold

- Current: 3,364
- 60D MA: 3,222

WTI Crude

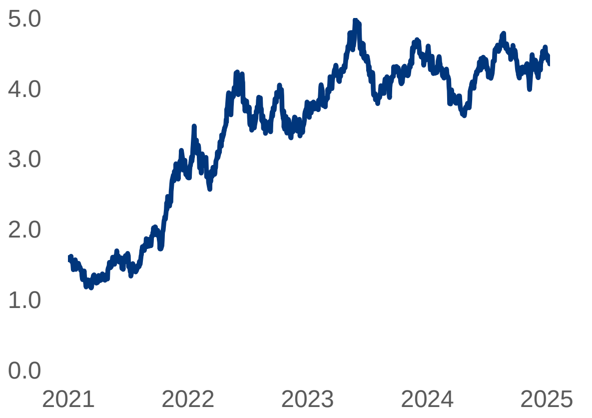
- Current: 63.2
- 60D MA: 63.5

Source: Bloomberg, 6 June. 2025

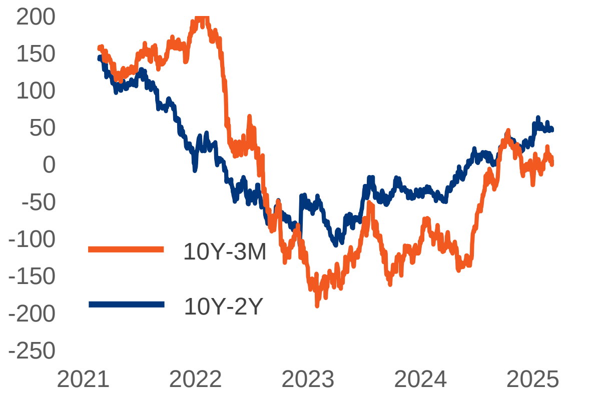
Market Monitor

U.S. CPI YoY (%)

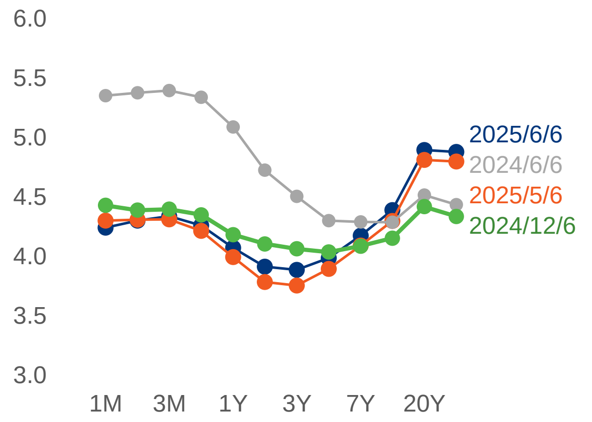
U.S. 10-Year Treasury Yield (%)



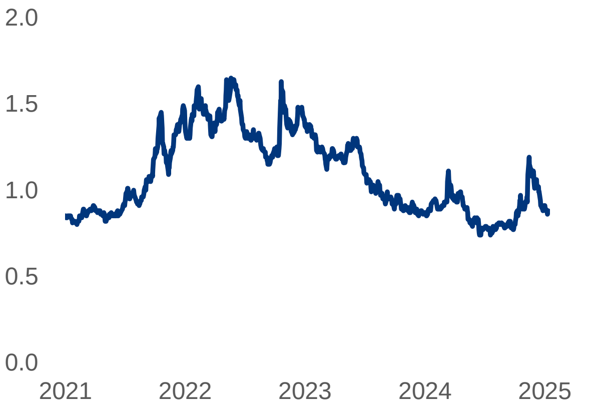
U.S. Treasury Yield Spread (bps)



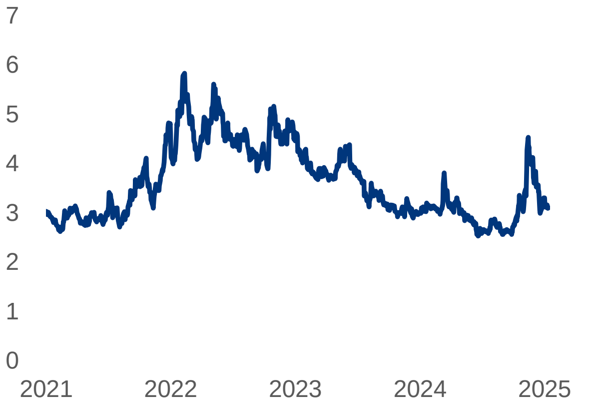
U.S. Treasury Yield Curve (%)



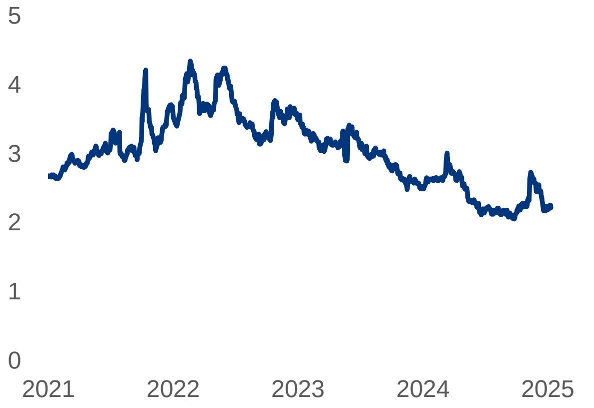
USD IG Credit Spread (%)



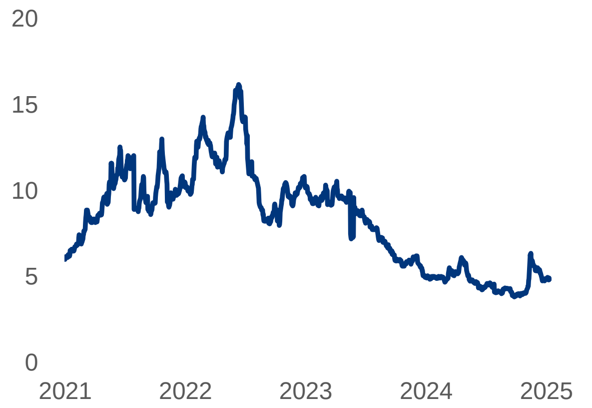
USD HY Credit Spread (%)



USD EM Credit Spread (%)



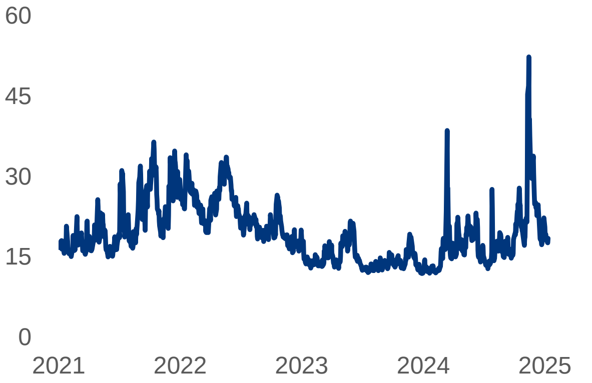
USD Asia Credit Spread (%)



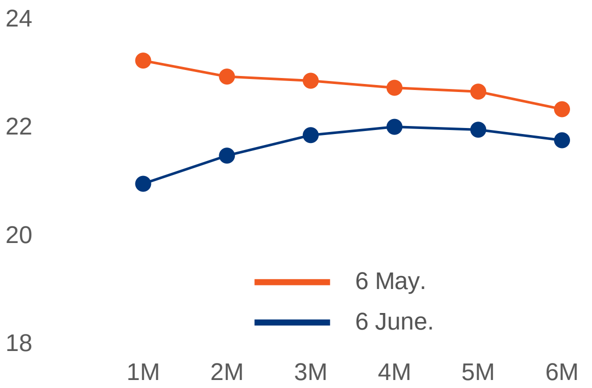
Source: Bloomberg, 6 June. 2025

Market Monitor

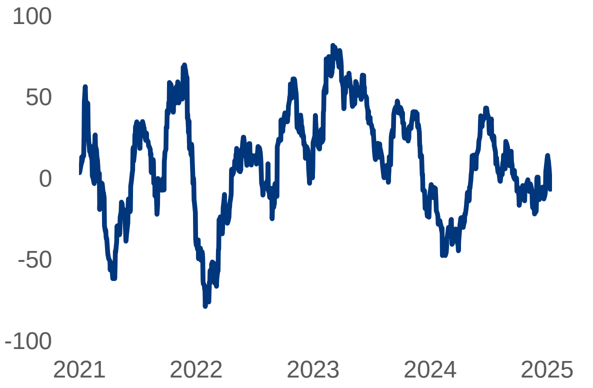
VIX Index



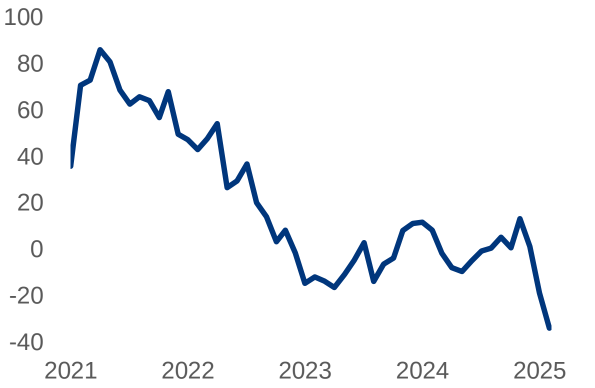
VIX Term Structure



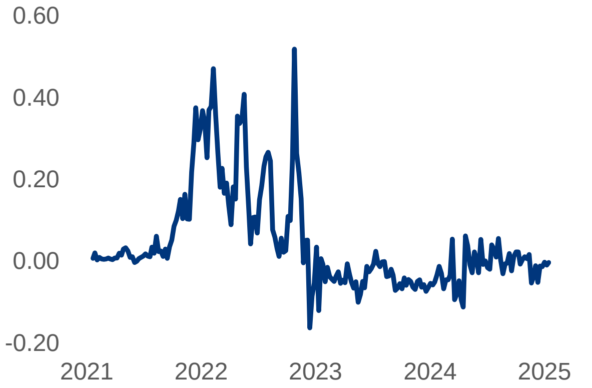
U.S. Citi Economic Surprise Index*



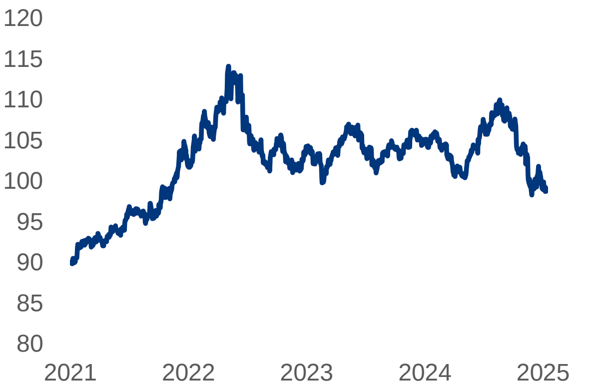
U.S. Citi Inflation Surprise Index*



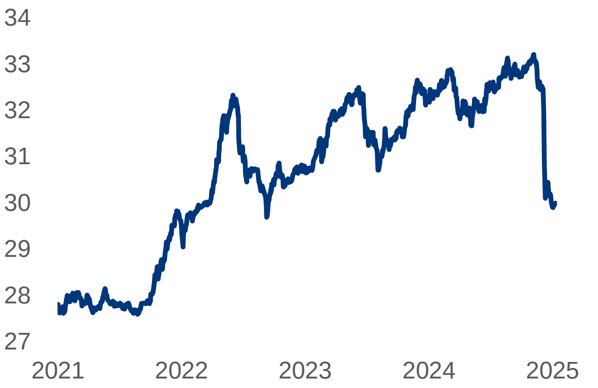
TED Spread (bps)



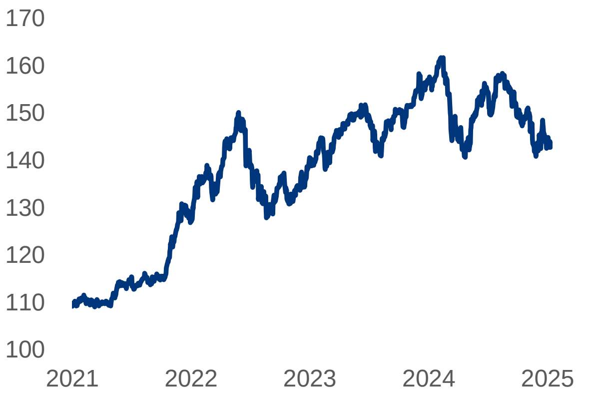
U.S. Dollar Index



USD to TWD



USD to JPY



Source: Bloomberg,6 June. 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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