CIO Office

Global Markets Weekly Kickstart

Israel-Iran Tensions Ease

30 June 2025

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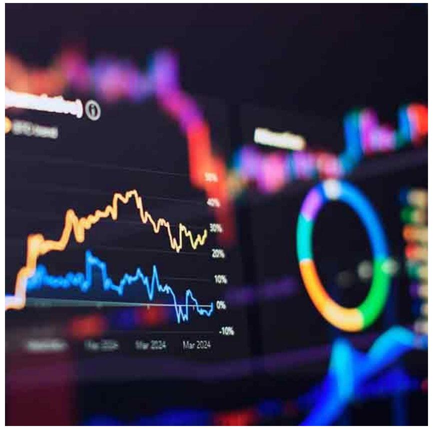

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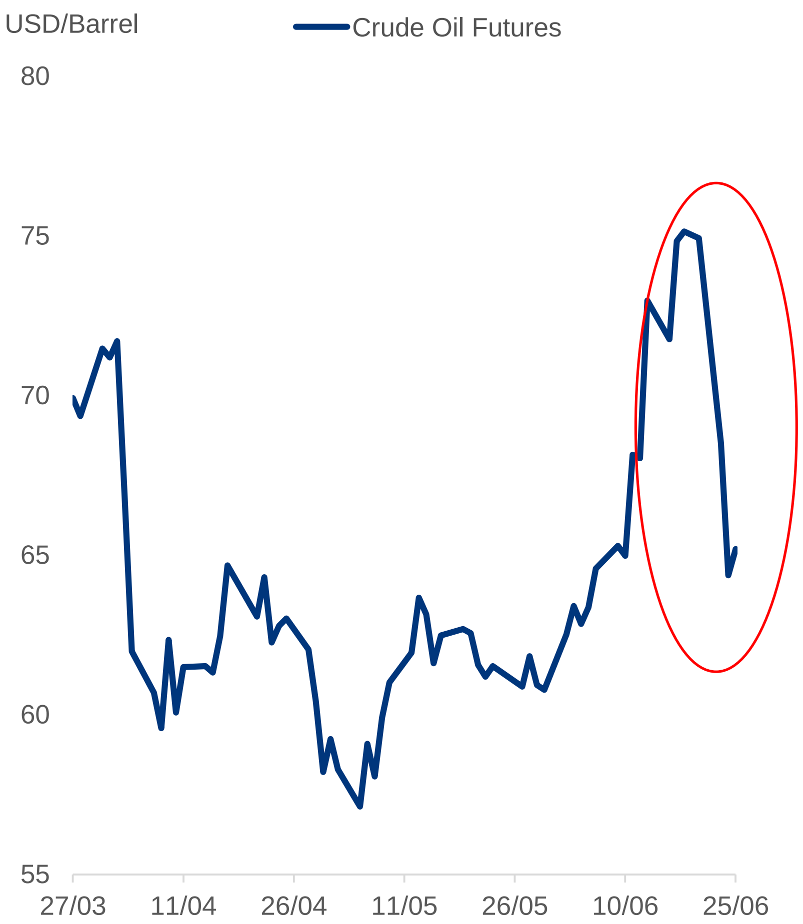
Chart of the Week

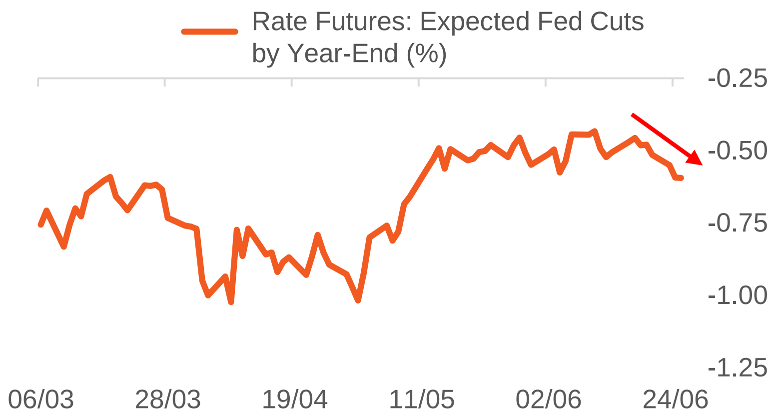
Israel and Iran Agree to Ceasefire; Market Slightly Raises Rate Cut Expectations for This Year

- President Trump announced that Israel and Iran have reached a ceasefire agreement, emphasizing hopes for easing tensions. While sporadic clashes have continued, the news has helped improve market risk sentiment. Oil prices also dropped sharply, with WTI crude futures falling nearly 15% from around $75 per barrel at the onset of conflict to approximately $65. As we noted last week, oil prices are closely correlated with overall U.S. CPI, and this retreat in prices should help ease inflationary pressure.
- The oil shock may prove temporary, and with reduced uncertainty facing the Federal Reserve, markets are increasingly discussing a potential rate cut in July. In addition to Fed Governor Waller's public support, Vice Chair for Supervision Bowman has also voiced support for a July cut. She suggested that the inflationary impact of tariffs would likely be short-lived. Markets have taken special note of Bowman's comments, given her historically hawkish stance last year.
- However, Fed Chair Powell merely stated that a July rate cut has not been ruled out, without signaling a clear dovish pivot. The interest rate futures market has yet to fully price in a 25-basis-point cut at the July 29–30 meeting, though expectations for total rate cuts by year-end have edged up to 60 basis points. This shift in expectations has supported bond market performance.

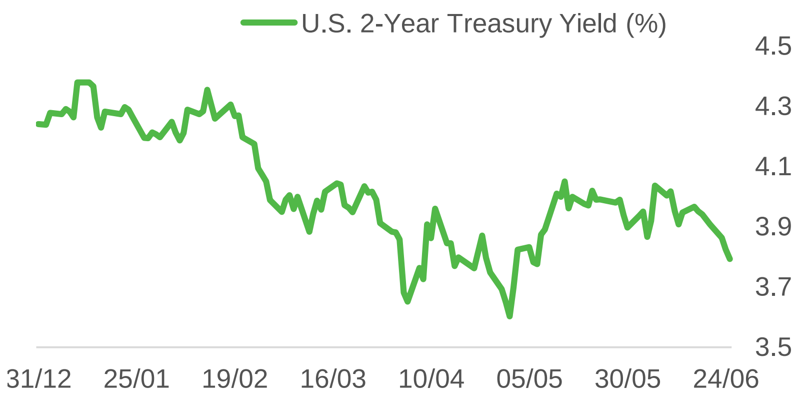
Israel and Iran Reach Ceasefire Agreement; Oil Prices Return to Pre-Conflict Levels



Year-End Cut Expectations Edge Up to 60 bps



2-Year Treasury Yields Also Pulled Back



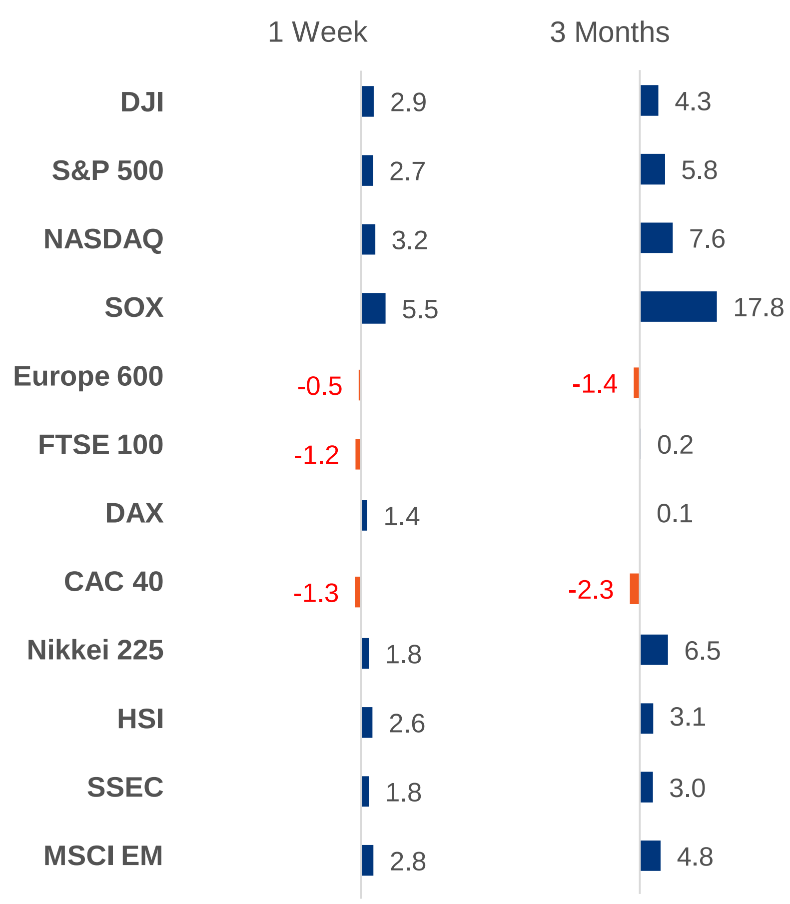
Source: Bloomberg

Market Recap

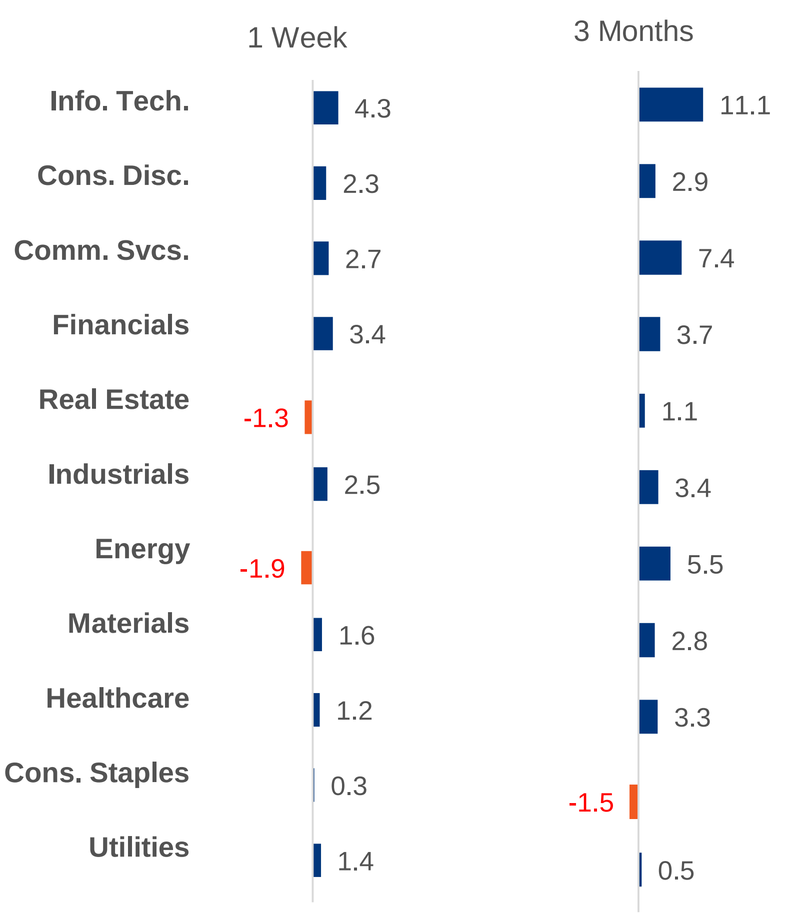
Israel-Iran Ceasefire Lifts U.S. Stocks; Job Market Cools, but Business Activity Keeps Expanding

- Trump announced a ceasefire deal between Israel and Iran, easing geopolitical tensions and improving investor sentiment. Combined with falling oil prices, which help reduce uncertainty tied to energy costs, U.S. equities performed well overall, with technology and semiconductor stocks leading the gains.
- On the data front, U.S. Q1 GDP annualized contraction was revised from -0.2% to -0.5%, primarily due to a sharp downward revision in consumer spending growth—from 1.2% to 0.5%. The front-loading effect ahead of tariff implementation has faded, and core demand momentum appears to be softening. Labor market data showed some signs of weakness: initial jobless claims fell to 236,000, better than the expected 245,000 and previous 246,000, but continuing claims rose to 1.974 million—the highest level since 2021. While the Fed remains in a wait-and-see stance, some officials have floated the idea of a July rate cut to preempt labor market deterioration, prompting futures markets to modestly accelerate rate cut pricing.
- Additionally, the U.S. flash PMI for June held steady at 52.0 for manufacturing, while the services PMI dipped slightly from 53.7 to 53.1—both beating market expectations and indicating continued business expansion.

Major Stock Indices Performance by Region (%)



US Stock Performance by Sector (%)



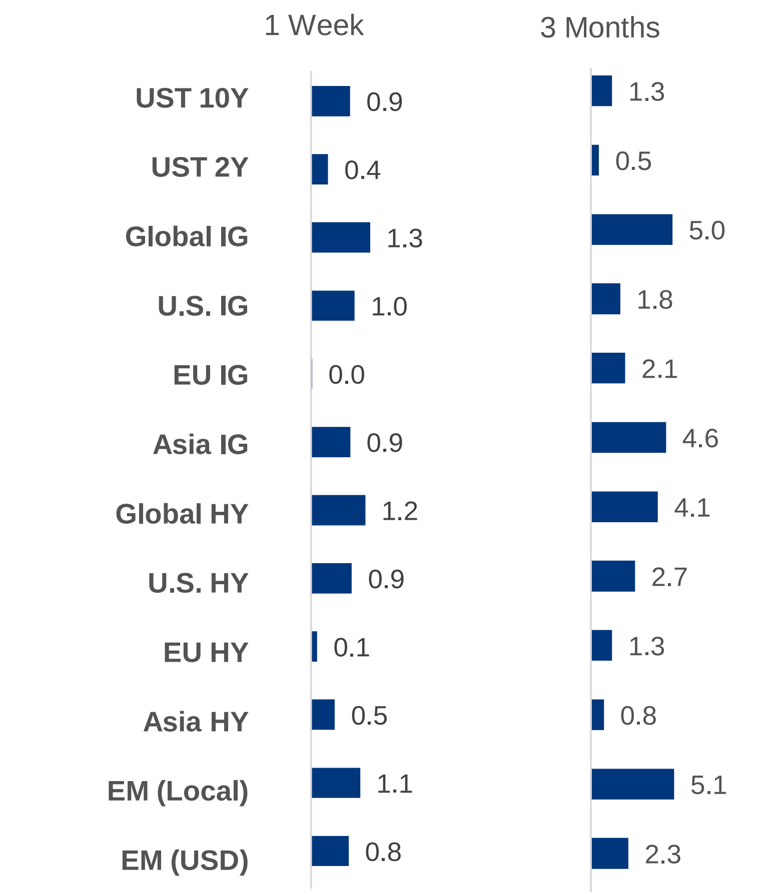
Source: Bloomberg, 26 June 2025

KGI

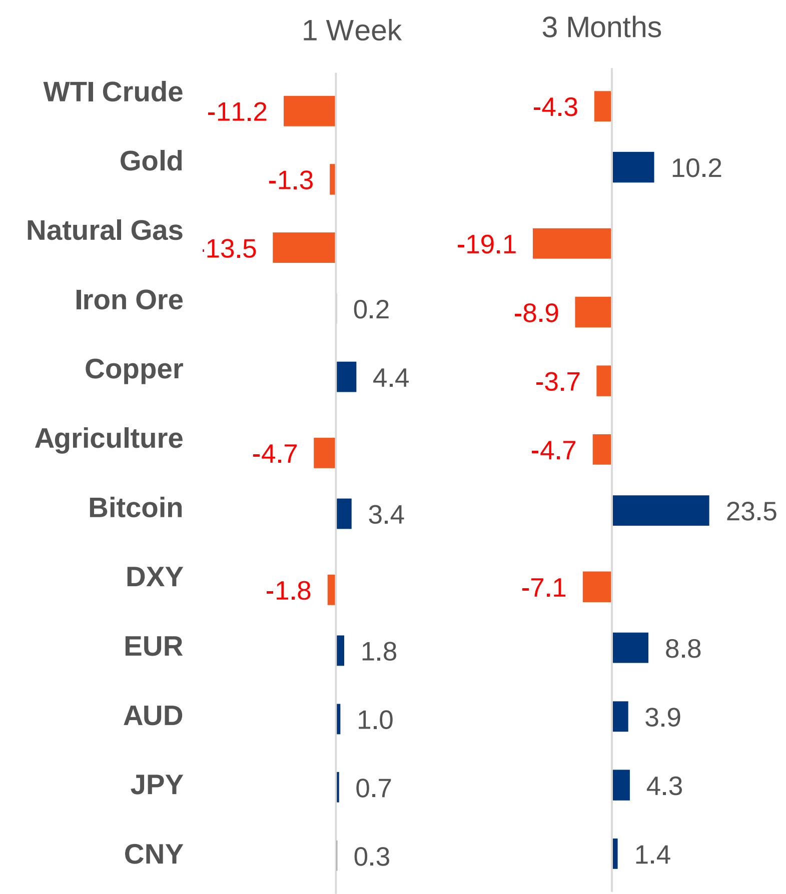
"Reciprocal Tariff" Deadline Not Critical; Oil Price Gains from Conflict Largely Unwound

- The White House clarified that July 9 is not a decisive deadline for the “reciprocal tariff” review, as the deferral period may be extended—easing concerns about inflationary pressures. Meanwhile, oil prices have largely reversed the gains seen after the Israel-Iran conflict erupted, further relieving inflation risks. These developments give the Fed more room to cut rates. Yields on both short- and long-term Treasuries have declined, supporting global bond markets. Additionally, easing geopolitical risk has helped boost high-yield credit performance.
- Rising expectations for U.S. rate cuts have led markets to anticipate a narrowing interest rate differential between the U.S. and other economies. As a result, the U.S. dollar has weakened, and major currencies have gained against it. The Dollar Index has now slipped to 97.4, marking its lowest level since Q1 2022.
- Energy commodities saw the steepest declines this week. Oil prices have almost completely given back gains driven by the earlier conflict, while natural gas prices also fell. Some agricultural commodities, which had previously risen on concerns over disrupted shipping routes, also saw a pullback over the past week. Meanwhile, gold—typically seen as a safe-haven asset—did not surge after the outbreak of hostilities and has since recorded a mild decline as tensions eased.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



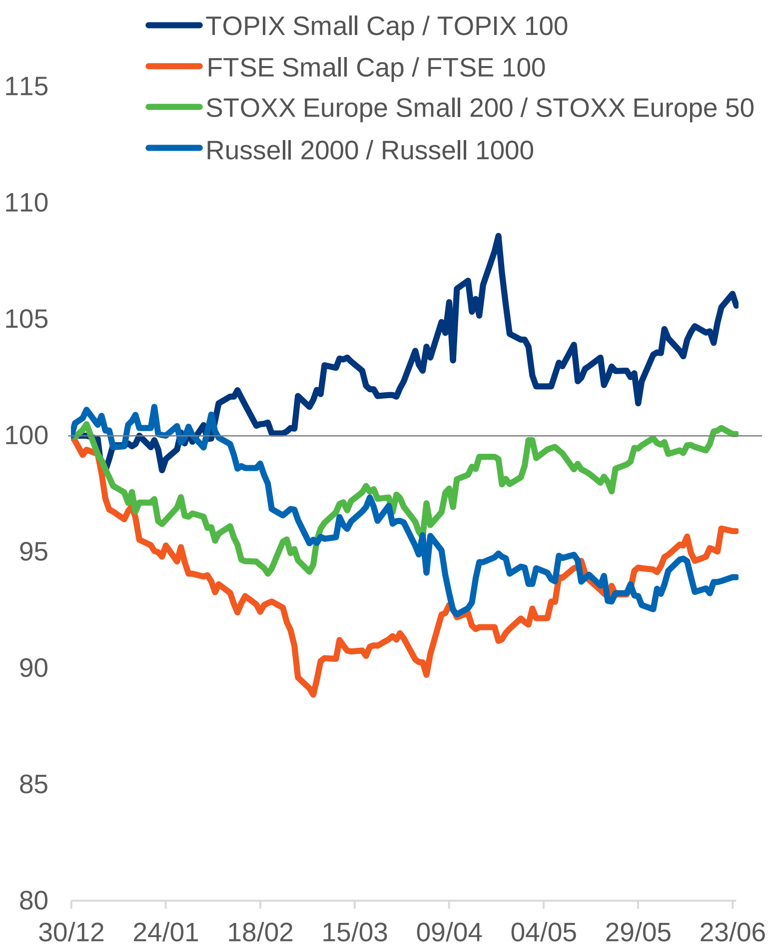
Source: Bloomberg, 26 June 2025

What's Trending

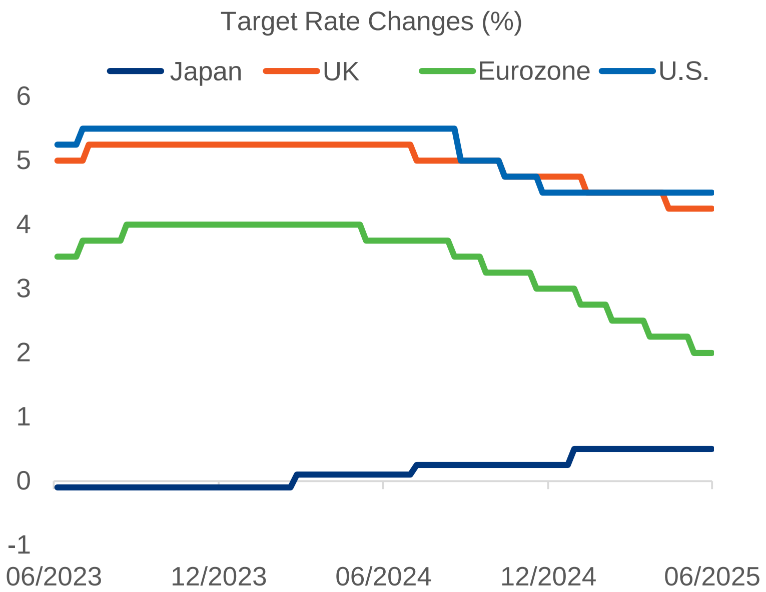
Small-Cap Stocks in Europe and Japan Hold Their Ground vs. Regional Giants; Trade Risks Rise, Preference for Domestic Plays Remains

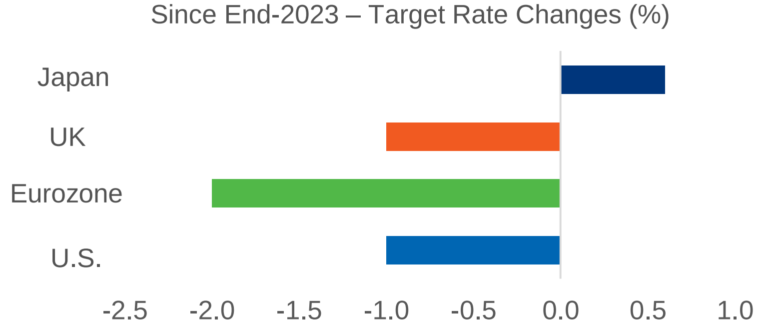
- Year-to-date, small-cap stocks in the Eurozone and Japan have performed on par with their regional large-cap peers. Since Trump's return to office, global markets have experienced heightened volatility due to shifting trade policies. Small-cap stocks, which traditionally derive a higher share of revenues from domestic markets, are generally less exposed to external trade risks. However, interest rates in the U.S. and UK remain elevated, unlike in the Eurozone—which has cut rates eight times by a total of 200 basis points—or Japan, which only exited negative rates in early 2024. Given their typically weaker financing capacity, small-cap stocks in these regions still underperform on a relative basis.
- With expectations for a U.S. economic slowdown and increasing room for Fed rate cuts, we see continued downside pressure on the U.S. dollar. A weaker dollar poses challenges for exporters, as foreign currencies appreciate, but the impact is expected to be smaller for domestically driven stocks. A softer dollar also continues to support the relative appeal of non-USD assets. The 90-day deferral on Trump's proposed reciprocal tariffs expires in early July, keeping trade policy risks in focus. So far, only the U.S. and UK have finalized tariff agreements, while negotiations with the EU, Japan, and China remain uncertain. This creates a headwind for export-oriented large-cap firms, reinforcing our preference for companies with strong domestic demand exposure.

Small-Cap Stocks Have Greater Domestic Exposure; Eurozone and Japan Small Caps Keep Pace with Regional Giants



Rate Cuts in the UK and U.S. Lag Behind Peers





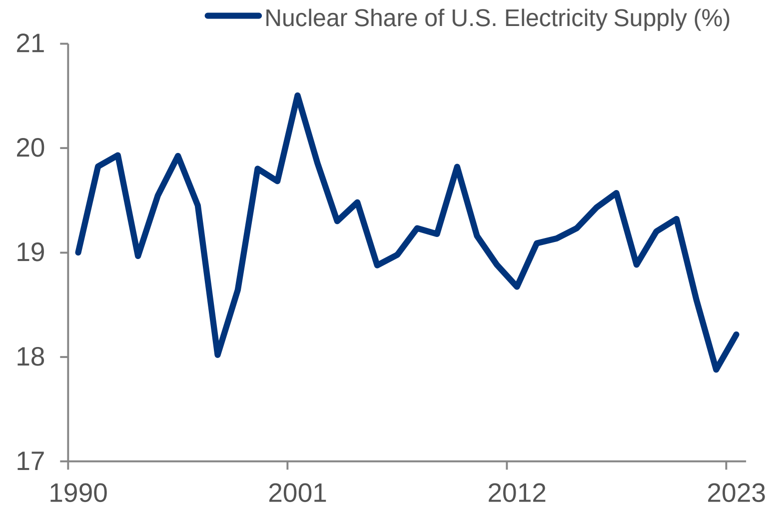
Source: Bloomberg

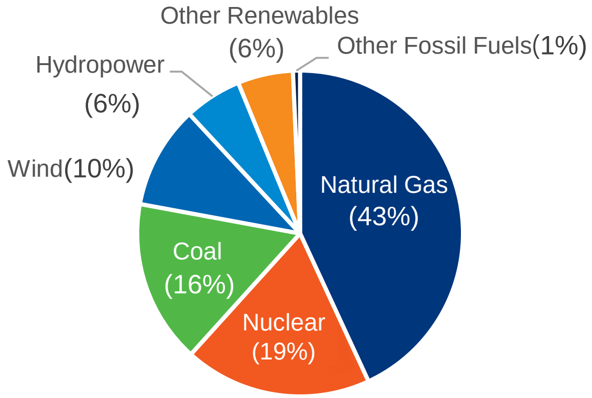
In Focus

Post-Conflict, Energy Stability Gains Priority; New York Governor Pushes for Next-Gen Nuclear Plant

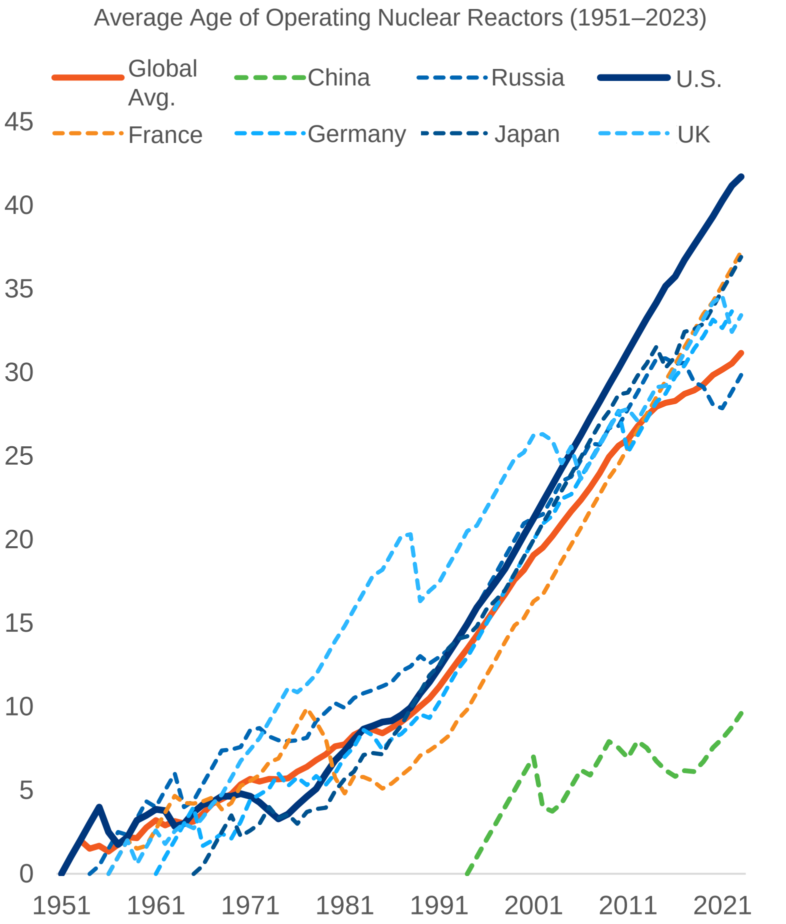
- While Iran's average crude exports account for less than 2% of global supply, its proximity to the Strait of Hormuz—through which roughly 20% of the world's oil and 30% of natural gas transit—grants it strategic importance. Although tensions have eased, recent price volatility in energy markets is expected to push governments to prioritize energy security. This shift is also driven by unresolved risks from the Russia-Ukraine war and the growing electricity demand from AI, cryptocurrencies, and electric vehicles.
- Data from 2023 shows that nuclear energy accounted for approximately 18.2% of total electricity supply in the U.S.—near its lowest level since 1997. One key factor is the near-halt in reactor construction. The average age of U.S. commercial nuclear reactors now stands at around 42 years, well above the global average of 31 years.
- According to a Wall Street Journal report on June 23, New York is planning to build a large-scale nuclear facility, which would be the first new development of its kind in the U.S. in 15 years. Earlier on May 23, former President Trump signed four executive orders aimed at revitalizing domestic nuclear energy. The goal is to raise U.S. nuclear generation capacity from 100 GW to 400 GW by 2050. Additionally, on June 11, the World Bank announced the lifting of its ban on funding nuclear energy projects.

U.S. Nuclear Power Share in Electricity Supply Expected to Rebound from Multi-Year Lows





Among Major Economies, U.S. Reactors Are Relatively Old



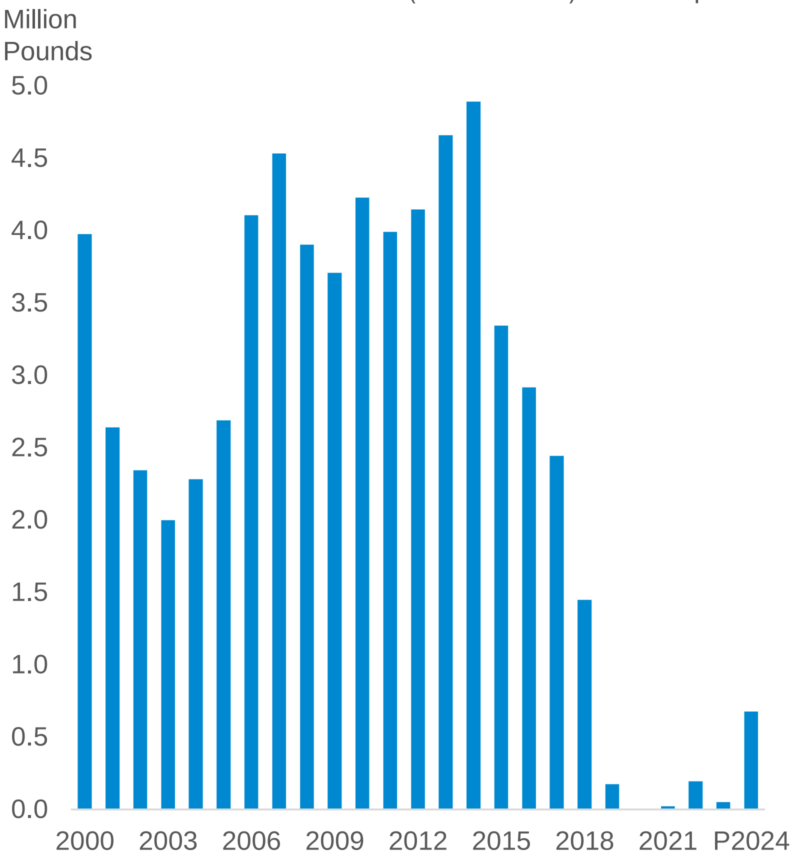
Source: CEIC, U.S. Energy Information Administration

Reform of the Upstream Nuclear Supply Chain to Sustain Investment Opportunities

- Kazakhstan, Canada, and Namibia currently dominate global uranium exports, collectively accounting for nearly 60% of total supply. The U.S. remains reliant on uranium imports but has recently resumed domestic production of uranium concentrates. Preliminary data for 2024 indicates output has reached its highest level in years, after being virtually stagnant since 2019. In 2023, about 27% of U.S. commercial nuclear fuel processing was sourced from Russia. In May 2024, the U.S. formally enacted the Prohibiting Russian Uranium Imports Act, banning American companies from importing low-enriched uranium from Russia. In response, Russia announced a temporary restriction on enriched uranium exports to the U.S., effective November 2024. These developments have heightened the strategic importance of a resilient domestic supply chain. With the legislative grace period set to expire over the next few years, upstream reform is expected to continue generating long-term investment opportunities.
- On the infrastructure side, the two latest nuclear reactor units in Georgia took roughly 10 years to complete—construction began in 2013 and commercial operations commenced in 2023 and 2024, respectively. Trump's executive orders may streamline construction and regulatory timelines. Still, nuclear facility development is capital-intensive, and interest rate levels will remain a key factor in assessing capital deployment and return potential. A high-rate environment presents a relative headwind for the sector.

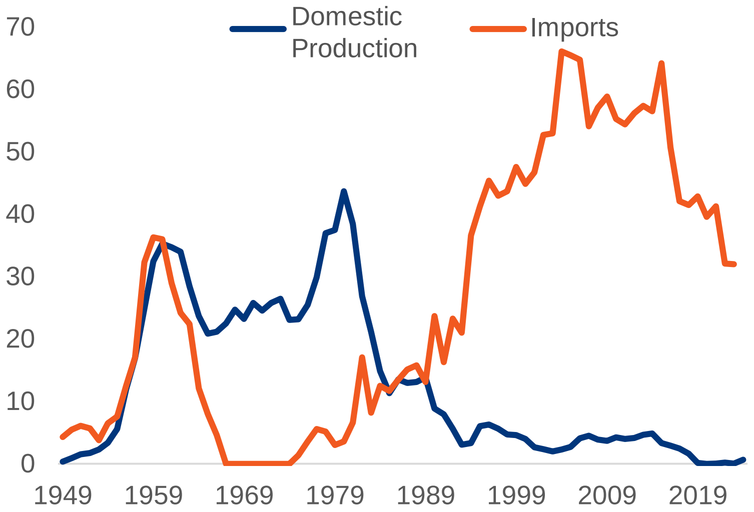
U.S. Restarts Uranium Concentrate Production

U.S. Uranium Concentrate ("Yellowcake") Total Output

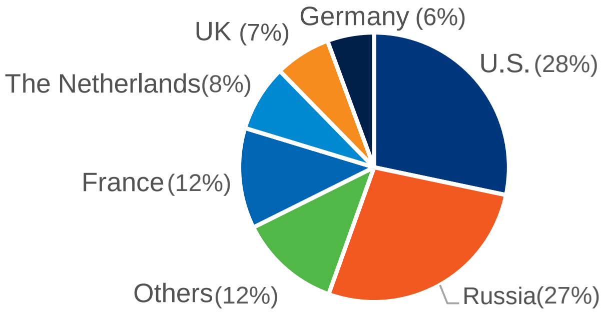


Geopolitical Tensions Drive Upstream Supply Chain Reform

U.S. Uranium Concentrate (Million Pounds)



Sources of Commercial Uranium Enrichment Services



Source: U.S. Energy Information Administration. Note: No production data reported from Q2 2020 to Q2 2021

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	◆ While the U.S. labor market is cooling, business activity continues to expand. The current asset allocation focus remains on defensive and quality stocks to retain flexibility amid rapidly shifting market conditions. For long-term investors, AI remains a structural theme, with a relative preference for software and cybersecurity stocks within the tech sector—suggesting a phased, buy-on-dip approach. ◆ With a trade deal reached between the U.S. and UK, UK equities have a relative edge. In the Eurozone, accommodative monetary policy and Germany's push for fiscal stimulus create a constructive backdrop, supporting a gradual accumulation strategy on pullbacks. Japan's economic recovery continues, and domestic demand—particularly bank stocks—offers opportunities for selective buying on weakness.	**Strategy**: high-quality large-cap stocks, with allocations to defensive and quality names. For medium- to long-term positioning, consider structural AI themes, particularly in software and cybersecurity sectors **Regions**: European equities, UK equities, and Japan's domestic demand and banking stocks
Bonds	◆ Short- to medium-duration bonds remain attractive from a yield perspective. Consider locking in yields during periods of rising U.S. Treasury rates. Within investment-grade credit, favor A-rated or above blue-chip issuers. Sectors offering higher risk-adjusted spreads include financials, industrials, energy, utilities, and communications. ◆ Given the potential for continued U.S. dollar depreciation, major non-USD currencies may have upside potential. Diversifying into non-USD bonds—such as investment-grade debt denominated in Euros or Singapore dollars—can help reduce dollar exposure.	**Duration**: Lock in yields with short- to medium-term high-quality corporate bonds **Types**: Investment-grade bonds, with a preference for large-cap issuers. Sector allocation includes financials, industrials, energy, utilities, and communications
Forex	◆ The Trump administration advocates for a managed return to a weaker U.S. dollar. However, concerns are rising that Trump's "Great American Tax Cuts" may significantly widen the U.S. fiscal deficit. Policy inconsistency may also erode market confidence in the U.S. economic outlook and dollar-denominated assets. As a result, the U.S. Dollar Index is expected to trend weaker over the medium to long term. ◆ Non-USD currencies such as the Euro and Yen are consolidating at elevated levels, with medium- to long-term upside potential.	**USD**: Weak Consolidation Phase **EUR & JPY**: Consolidating at High Levels
Commodity	◆ Amid Trump's tariff policies, economic slowdown concerns, inflation risks, and mounting fiscal deficit pressures—alongside continued gold purchases by central banks and market participants—gold retains upside potential. A gradual, buy-on-dip approach is advised.	**Gold**: Bullish Bias

Product Spotlight | HK Equities

China’s Consumer Preferences Are Quietly Evolving

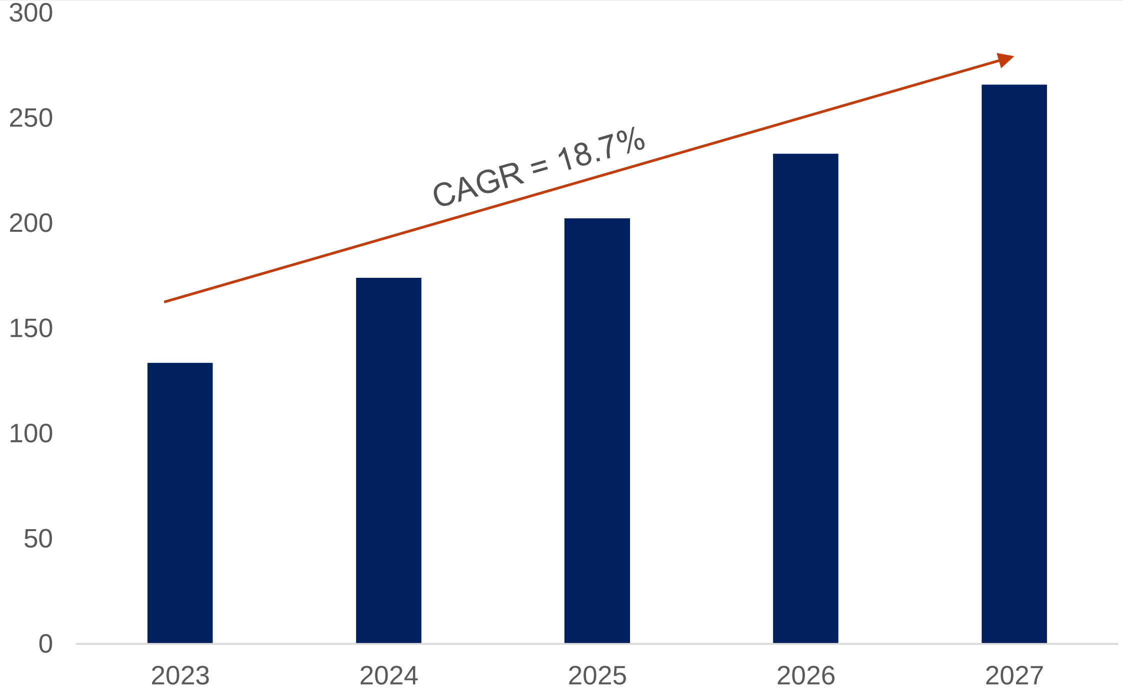
The Rise of New-Generation Lifestyle Brands

- As China's younger generation of consumers rises, demand is growing rapidly for brands that blend pop culture with lifestyle experiences. These brands are no longer just providers of products—they serve as carriers of culture and emotion. Today’s consumers, especially younger demographics, increasingly value the emotional satisfaction and self-expression that come with consumption. This “self-pleasing economy” is driving brands to shift from purely functional offerings to emotional engagement and cultural resonance. Products have become more than just practical tools; they are a reflection of individuality and lifestyle. Innovations such as blind boxes, IP-based branding, and cross-sector collaborations have emerged as powerful ways to spark consumer emotion and participation—enhancing brand equity and expanding market share.

Synergies in the IP Economy and the Rise of Multi-Brand Portfolios

- Modern brands are increasingly embracing cross-industry integration, breaking traditional sector boundaries by blending elements of sports, streetwear, and art to create dynamic and diversified consumer experiences. This approach not only enriches product lines but also delivers a more holistic lifestyle proposition to consumers. By building multi-brand portfolios, companies can target a broader range of consumer segments and market niches, enhancing overall competitiveness. This strategy not only expands brand influence but also mitigates the risk of over-reliance on a single revenue stream, fostering a healthier brand ecosystem.

China‘s Pan-Entertainment Product Market Size (CNY Billion)



Note: Pan-entertainment products refer to IP-based physical goods such as toys, stationery, apparel, and other consumer items

ANTA Sports Products Ltd. (2020)

Closing Price HK $93.8	Target Price HK $108

ANTA Sports Products Limited designs, develops, manufactures, and markets sportswear. The Company produces sports footwear and apparel for professionals and the general public. ANTA Sports Products markets its products throughout China.

- **ANTA's Strategic Positioning in the Acquisition of Jack Wolfskin**

  Anta's acquisition of German outdoor brand Jack Wolfskin, while currently loss-making, presents clear growth potential. Positioned in the mid-to-premium outdoor segment—with offerings including windproof jackets, hiking boots, and camping gear—the brand complements Anta's existing portfolio and supports its push into the high-end market. We believe Anta has the capability to elevate Jack Wolfskin into its next Amer Sports or FILA-level success.

- **New CEO Yao Jian's Leadership Advantage**

  New CEO Yao Jian brings deep expertise in localizing premium global brands. He previously led the turnaround of Arc'teryx and Salomon—both under Amer Sports—in the Chinese market. His leadership is expected to accelerate Jack Wolfskin's marketing and operational execution, boosting both competitiveness and profitability.

- **Enhancing Group-Wide Value Potential**

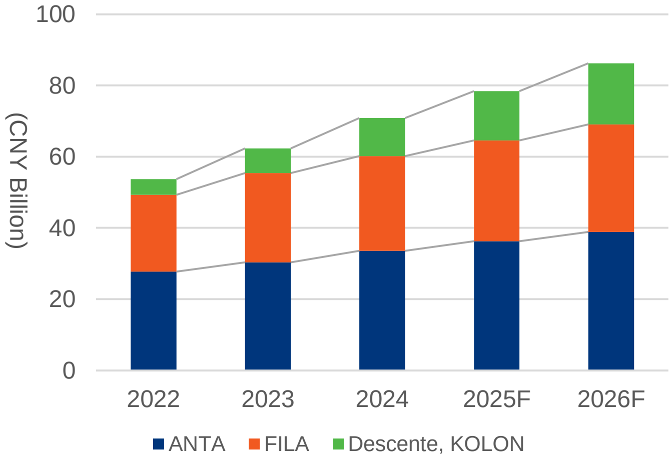
  China's sports and outdoor market is projected to reach CNY 520 billion by 2025, growing at an annual rate of 15%—outpacing other sports categories. If Anta succeeds in turning around Jack Wolfskin's profitability, the acquisition valuation—at just 3x forward earnings—compares favorably to Anta's 16x P/E multiple. A successful turnaround could meaningfully enhance the group's overall valuation. Based on a sum-of-the-parts valuation approach, we set a target price of HKD 108 for Anta, implying a 20x P/E multiple.

Financials

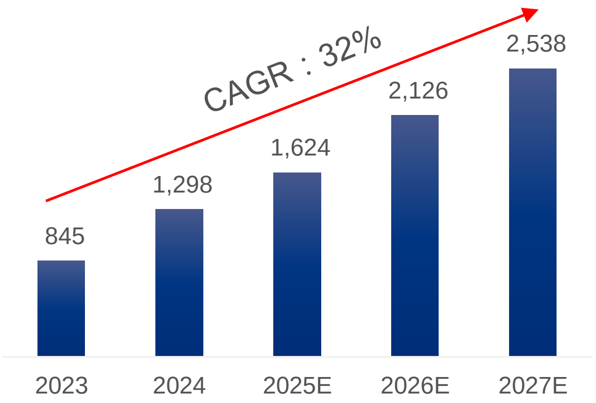
	2022	2023	2024	2025F	2026F
Net Income (1B CNY)	53.7	62.4	70.8	78.5	86.5
NI YoY	8.8	16.2	13.6	10.9	10.1
EPS(CNY)	2.8	3.6	4.4	4.8	5.4
EPS YoY	-2.1	30.9	21.9	9.6	12.7
ROE(%)	24.0	23.8	27.6	20.2	20.2

Forecasted P/E

Anta Rev. Breakdown



AMER Sports China Rev. (USD Million)



Source: Bloomberg

Pop Mart International Group (9992)

Closing Price	HK $253	Target Price	HK $266

Pop Mart International Group Limited operates as a toys wholesales company. The Company provides trendy toys designing, production, marketing, and other services.

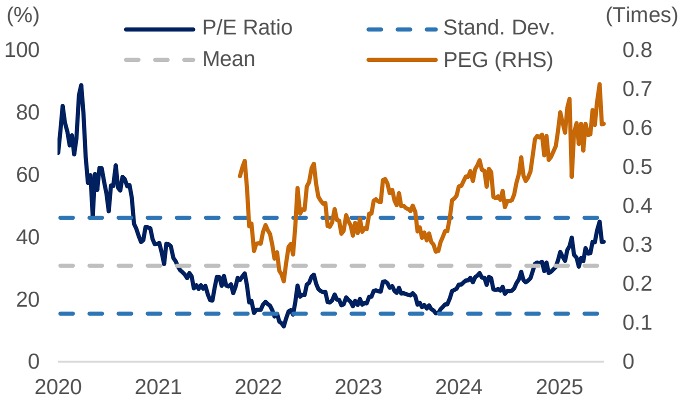
- **Customer Base Not Reliant on Minors**
  The share price has dropped 19% from its peak, weighed down by concerns over regulatory risk and falling secondary market prices. Regulatory worries stem mainly from a People's Daily article highlighting concerns over minors being drawn to blind box products and calling for stronger oversight. In reality, nearly 90% of Pop Mart's revenue comes from figurines, plush toys, and related products. The company's customer base is not reliant on minors, and the regulatory guidelines referenced have been in effect since 2023. As such, any incremental impact from additional measures is likely to be limited.
- **Secondary Market Price Correction Not Driven by Weak Demand**
  Pop Mart's most popular products, often released in limited quantities, have historically surged from retail prices of around CNY 100 to thousands on the resale market due to supply-demand imbalance. Recent declines in secondary prices are primarily the result of restocking by Pop Mart through various official channels—not a sign of waning demand. In fact, increasing product availability supports healthy price discovery, enhances brand perception, and improves customer experience.
- **Overseas Expansion Supports Growth Momentum**
  Beyond product development, Pop Mart's overseas expansion is becoming a key growth driver. The market expects overseas revenue contribution to rise from 39% in 2024 to 54% in 2025, representing a 1.5x increase YoY. This makes international markets the core engine of future growth. The focus this year is on North America and Europe, with several global celebrities already seen wearing Pop Mart merchandise—boosting brand visibility and global influence.
- **Valuation**
  Alongside its emphasis on IP design and aggressive overseas expansion, Pop Mart is planning to launch animated content—an initiative aimed at enhancing customer loyalty and attracting new users. Based on a discounted free cash flow model, we assign a target price of HKD 266.

Source: Bloomberg

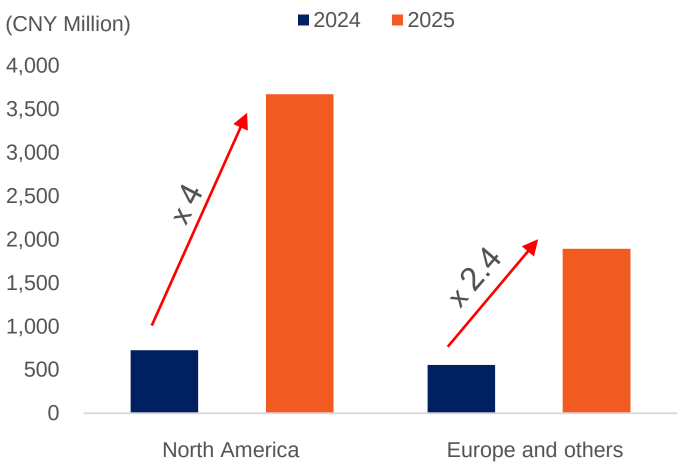
Financials

	2022	2023	2024	2025F	2026F
Revenue (1B CNY)	4.6	6.3	13.0	24.3	33.0
YoY(%)	2.8	36.5	106.9	86.3	35.8
EPS(CNY)	0.4	0.9	2.6	5.0	7.0
YoY(%)	-32.3	111.9	188.8	94.9	39.5
ROE(%)	6.9	14.7	33.9	46.2	43.3

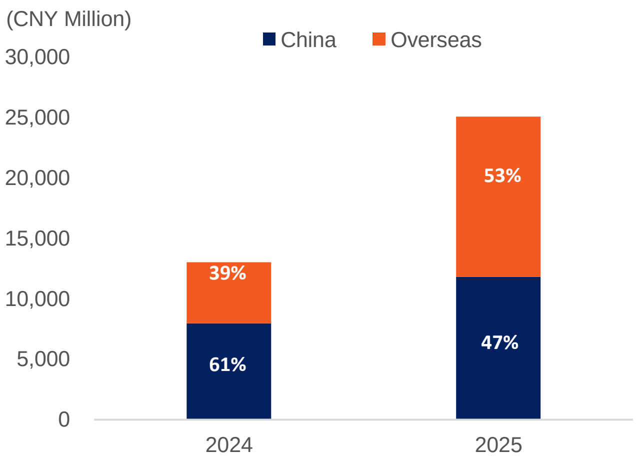
Forecasted P/E



Rev. Growth in U.S. and Europe



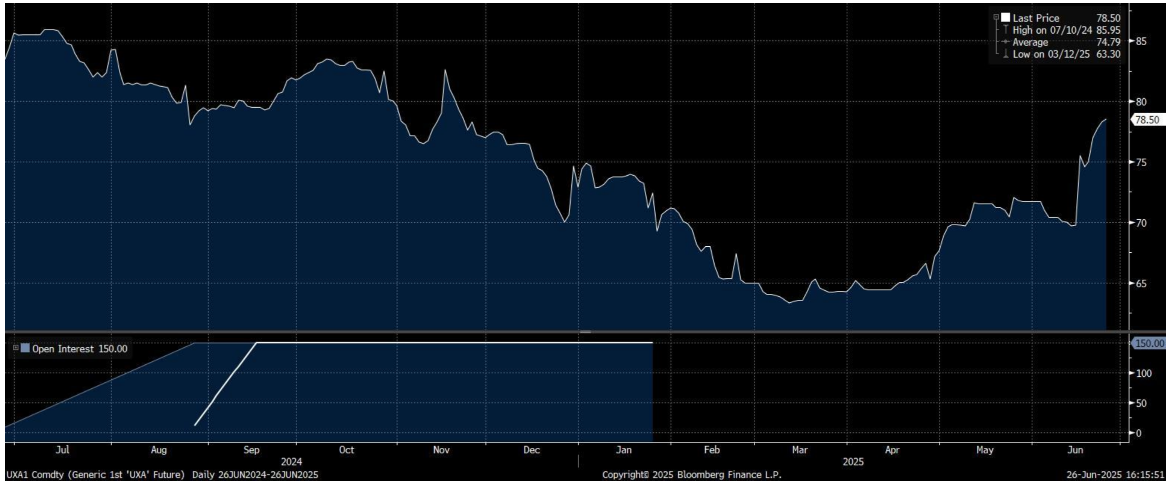
Rev. by Region (%)



US Equities Positive Outlook for Nuclear Power Development

- During a congressional testimony, Fed Chair Jerome Powell stated that there is no urgency to cut rates, noting that the central bank is closely monitoring the economic impact of Trump's tariff policies. When asked about the likelihood of a July rate cut, Powell responded that "many paths are possible." He also projected a slowdown in the U.S. economy this year, partly due to immigration dynamics. Additionally, he noted that AI's contribution to productivity will take time to materialize. Overall, the Fed remains cautious on the macroeconomic outlook and is looking for more supporting data before making rate decisions.
- In May, the U.S. PCE Price Index rose 0.1% MoM, matching April and market expectations. Goods prices increased 0.1%, while services rose 0.2%. Core PCE, excluding food and energy, rose 0.2%, higher than the prior two months and above expectations. Food prices rebounded 0.2%, while energy prices declined 1%. Durable goods orders surged 16.4% to USD 343.6 billion—the largest gain since July 2014—reversing April's 6.6% decline and far exceeding the expected 8.5% increase.
- Final data for Q1 U.S. GDP showed a contraction of 0.5%, weaker than the previous second estimate of -0.2%, marking the first quarterly economic shrinkage in three years. The downward revision was primarily due to weaker consumer spending and exports.
- The nuclear energy sector has attracted renewed attention over the past two years amid the rise of artificial intelligence. On one hand, the expected rapid growth in data centers will significantly boost electricity demand; on the other, nuclear power offers stable, clean energy capable of filling large supply gaps. In May of this year, U.S. President Trump signed four nuclear-related executive orders, including fast-tracking reactor testing, authorizing the Department of Energy and Department of Defense to construct nuclear reactors on federal land, implementing sweeping reforms to the Nuclear Regulatory Commission, and promoting domestic uranium mining and enrichment capacity. Nuclear power development has become a strategic national priority.

UxC Uranium U3O8 Futures Price (USD/lb)



Source: Bloomberg

Centrus Energy Corp (LEU)

Closing Price	US $168.65	Target Price	US $200

Centrus Energy Corp. is a global energy company that supplies low enriched uranium ("LEU") for commercial nuclear power plants. The Company, through its subsidiary, operates a uranium enrichment facility in Kentucky, United States.

- **High-Assay Low-Enriched Uranium (HALEU) Is a Key Bottleneck for Nuclear Power**
  HALEU, enriched to between 5% and 20% U-235, offers higher energy output and reduced nuclear waste compared to conventional low-enriched uranium. HALEU is essential for next-generation reactor designs, particularly small modular reactors (SMRs). Innovation and efficiency improvements across the nuclear industry rely heavily on the availability of HALEU, prompting multiple countries to invest in its development and deployment. Obtaining a license to produce HALEU is highly restrictive, requiring rigorous technical, equipment, and site standards. The company in question is currently the only one licensed by the U.S. Nuclear Regulatory Commission to produce HALEU—providing it with a significant competitive moat.
- **Backlog Extends Through 2040**
  As of Q1 2025, the company reported a total backlog of $3.8 billion, with contractual deliveries scheduled through 2040. This includes $2.1 billion in low-enriched uranium sales agreements and $900 million in technical support service contracts.
- **Fiscal Q1 2025 Results Beat Expectations**
  Revenue rose 67.3% YoY to $73.1 million, exceeding expectations of $49.8 million. GAAP earnings per share came in at $1.60.
- **Valuation Consensus**
  The 12-month average target price on Bloomberg is USD 171.11, with a high estimate of USD 300 and a low of USD 69.

Source: Bloomberg

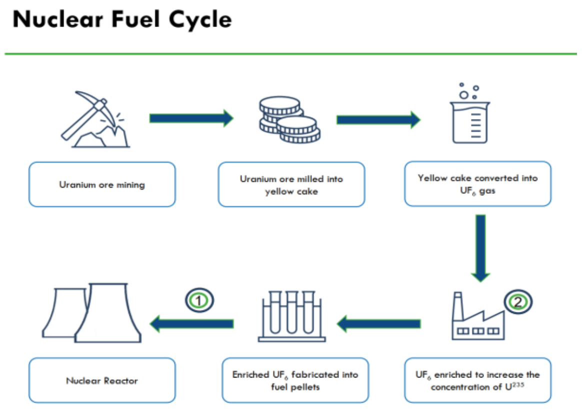
1-Year Price

Financials

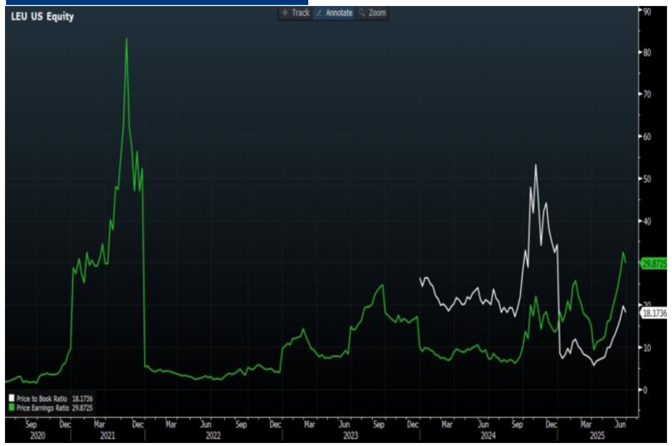
	2022	2023	2024	2025F	2026F
Revenue Growth(%)	-1.5	9.0	38.0	-1.0	5.1
EBITDA (%)	24.0	19.7	13.6	17.8	17.3
EPS (USD)	3.41	5.62	4.48	3.67	3.13
Net Profit Margin(%)	17.4	27.2	16.6	14.7	11.8

Source: Bloomberg; 2025/26F are market estimates

Nuclear Fuel Cycle



P/E & P/B



Cameco Corp (CCJ)

Closing Price	US $73.27	Target Price	US $76.0

Cameco Corporation explores, develops, mines, refines, converts, and fabricates uranium. The Company offers uranium for sale as fuel for generating electricity in nuclear power reactors.

- **Rising Global Demand for Nuclear Energy**
  Amid growing global demand for nuclear energy, Cameco is set to benefit from both uranium production and its 49% stake in Westinghouse, gaining exposure to international advanced reactor projects. As nations move away from Russian and Chinese solutions, demand is shifting to Western suppliers. Deals like the AP1000 project in the Czech Republic are expected to boost Q2 adjusted EBITDA by $170 million. A new agreement with Finland's Fortum also supports long-term growth. With more countries investing in nuclear infrastructure, Cameco is well-positioned across the nuclear value chain.
- **Uranium Price Upside and Supply Leverage**
  Uranium futures have climbed to around $78 per pound, driven by demand recovery, policy support, and supply constraints. Notable developments—such as Sprott Physical Uranium Trust's recent $200 million purchase, renewed U.S. efforts to rebuild domestic enrichment capacity, and ongoing supply tightening from Kazatomprom—underscore market stress. Cameco is well-positioned to capitalize on this upcycle by leveraging rising uranium prices into stronger earnings growth.
- **Fiscal Q1 2025 Earnings**
  Revenue rose 24.4% to $789 million. Non-GAAP earnings per share came in at $0.16. For FY2025, the company plans to produce 18 million pounds of uranium each from the Cigar Lake and McArthur River/Key Lake sites, and 130 to 140 million kilograms of uranium through its fuel services division. Efforts to extend the life of the Cigar Lake mine remain ongoing. Over the next five years, adjusted EBITDA is expected to grow at a compound annual rate of 6% to 10%.
- **Valuation Consensus**
  The 12-month average target price on Bloomberg is USD 72.08, with a high estimate of USD 78.0 and a low of USD 56.0.

Source: Bloomberg

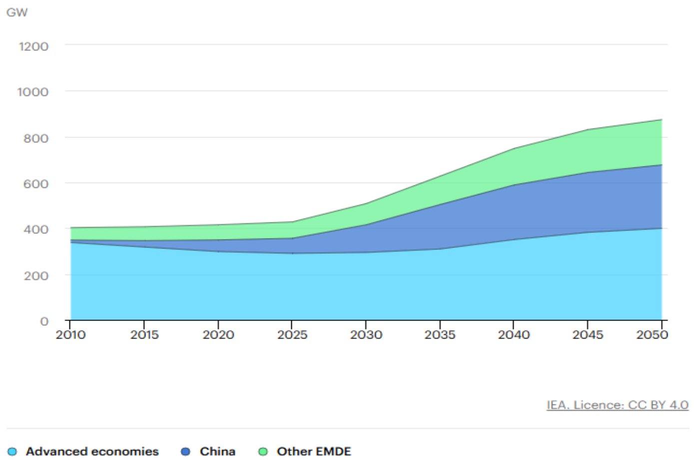
1-Year Price

Financials

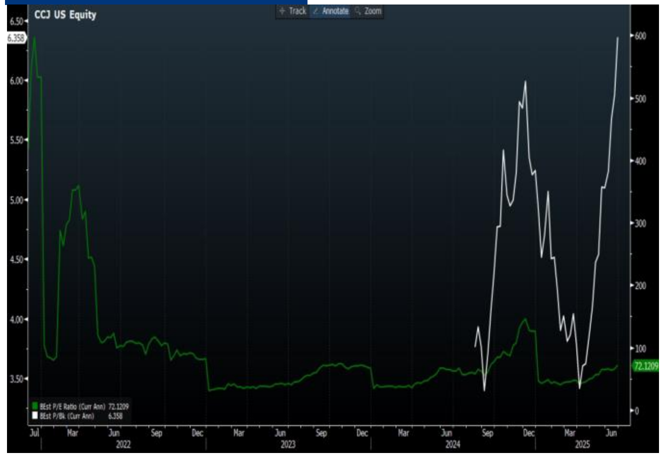
	2022	2023	2024	2025F	2026F
Revenue Growth(%)	26.6	38.5	21.2	8.8	6.8
EBITDA (%)	10.3	20.2	24.8	53.0	58.8
EPS (USD)	0.35	0.83	0.58	1.41	2.18
Net Profit Margin(%)	7.7	14.0	8.1	18.6	25.2

Source: Bloomberg; 2025/26F are market estimates

Installed Nuclear Capacity by Region



P/E & P/B



TW Equities

Middle East Tensions Ease; Taiwan Stocks Reclaim 200-Day Moving Average, Poised to Challenge Previous Highs

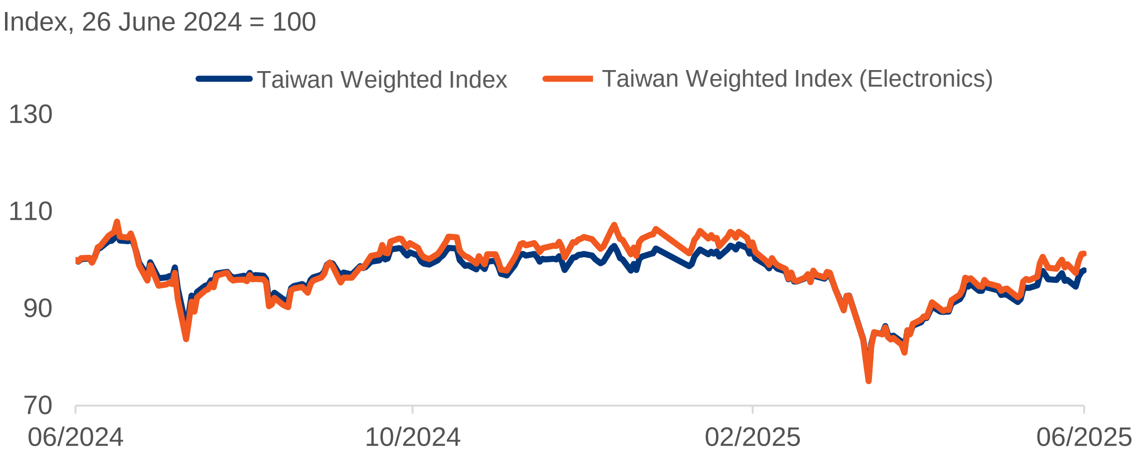
► Main Index Supported by Rising 200-Day MA and Steady Volume

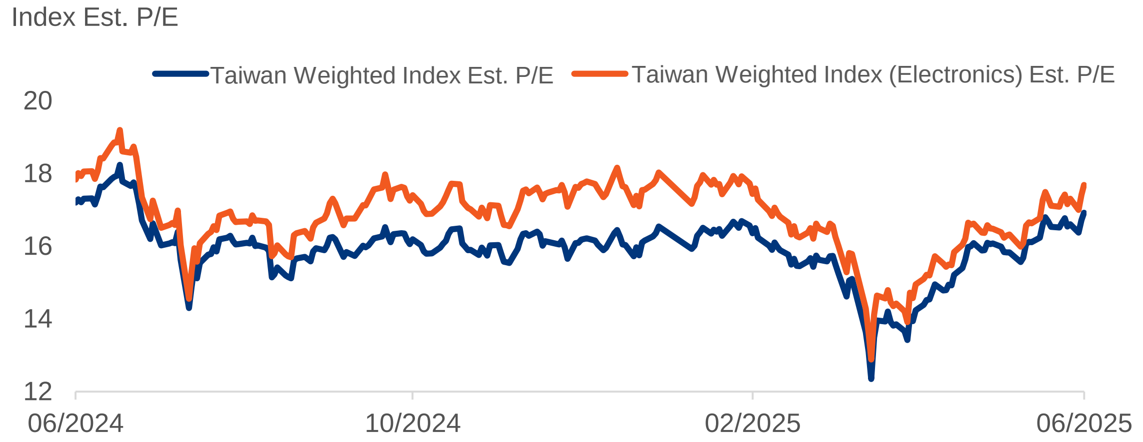
From a technical perspective, the Taiwan Stock Exchange index has climbed above its 200-day moving average with stable volume. Both the 5-day and 20-day moving averages are trending upward, offering downside support. The daily KD indicator shows a bullish crossover. If turnover can hold near the 20-day average of approximately NT$370 billion, there is potential to retest the previous high at 22,470. Near-term support is seen at the gap low of 22,201. Looking at market structure, large-cap tech stocks are leading the rally, while financials continue to consolidate with light trading volume.

► Easing Geopolitical Tensions Shift Focus to Large-Cap Tech Stocks

With Middle East conflicts winding down, Taiwan equities posted strong gains last week, setting the stage for a potential retest of prior highs. Examining market structure, large-cap tech and financials reached new swing highs, showing strong momentum. This leadership—alongside the steady performance of financial stocks—supports the index's attempt to move higher. Within the tech sector, multiple segments showed strength, including semiconductor equipment, packaging materials, memory, security surveillance, and connectors. In contrast, non-tech and non-financial sectors such as glass ceramics, electrical cables, paper, autos, and steel also saw gains—but mostly driven by individual names or oversold rebounds. These sectors lack broad-based momentum and sustainability. With tech and financials driving the market, the upside potential for non-tech/non-financial names appears limited, favoring selective stock picking and theme-driven strategies.

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





Source: Bloomberg

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.

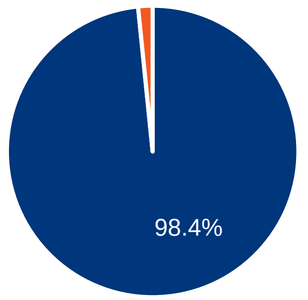
- **Robust AI-Driven Demand**

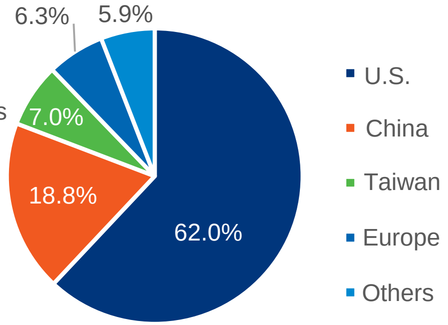
  Chin Fong is expected to benefit from the structural growth of AI and an expanding market share. Growth drivers include new HGX server orders from tier-1 and tier-2 CSPs, becoming the primary enclosure supplier for a U.S.-based tier-1 CSP's GB300 platform, and increased shipments to tier-2 CSPs. The company's new Malaysia plant, scheduled to come online in 1H26, is expected to enhance its ability to secure additional tier-1 CSP orders. We forecast AI-related revenue to grow 39% YoY in 2026.

- **2026 Profit Expansion**

  Profit is expected to rise further in 2026. AI server revenue is tracking ahead of expectations, while NRE recognition supports upward revisions to 2Q25 earnings. Upgrades to 2H25 revenue are driven by strong demand for ASICs and enclosures. The company is benefiting from notable growth in server enclosure sales and increasing AI orders from existing clients. We estimate a 33% YoY revenue increase in 2026.

Revenue Sources and Regions





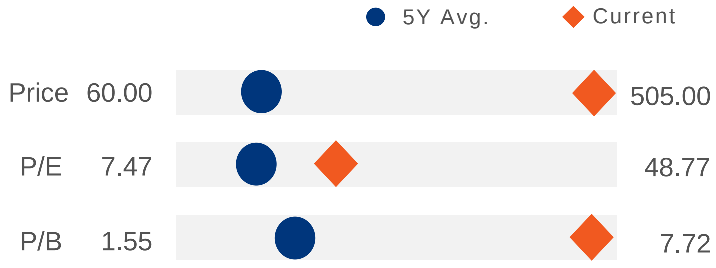
Source: Bloomberg

Financials

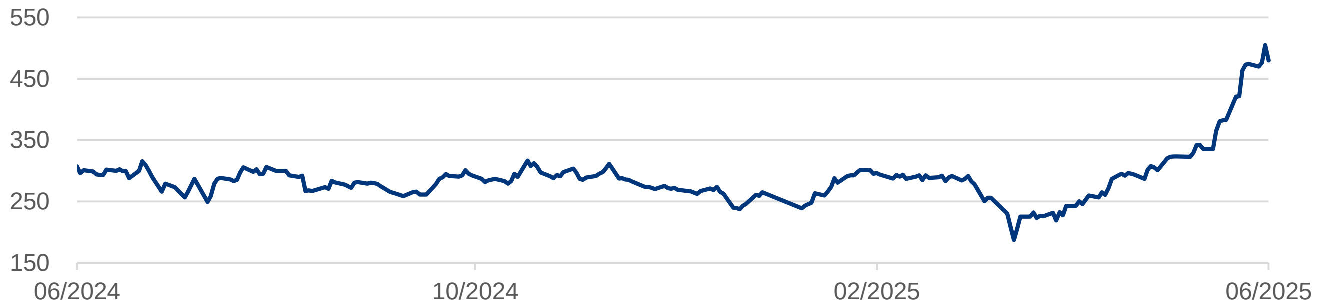
	2022	2023	2024	2025F	2026F
EPS (NTD)	8.32	9.03	16.05	25.65	34.31
EPS Growth (%)	48.2	8.5	77.7	59.8	33.8
P/E Ratio	56.5	52.0	29.3	18.3	13.7
ROE (%)	22.0	20.8	30.4	39.0	42.6

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 26 June 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	1.48	50.00	64.67	76.47	80.11	56.35

Shin Zu Shing Co Ltd. (3376 TT)

Shin Zu Shing Co., Ltd. develops and manufactures hinge assembly, springs, and stamping parts for communication, computer and consumer products.

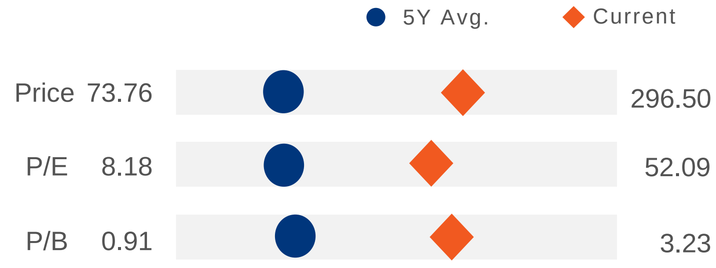
- **2H25 Revenue and Gross Margin Recovery**
  Apple is expected to launch a new MacBook Pro in 2H25. We anticipate this will lift the company's notebook-related revenue share to over 25% in 2H25. Benefiting from this momentum, we forecast 3Q25 revenue to grow 20% QoQ, with gross margin also improving sequentially.
- **Key Beneficiary of Foldable iPhone**
  Apple is projected to release a foldable iPhone in 2026. As one of the two hinge suppliers, Shin Zu Shing stands to see a significant surge in revenue and profit from 2026 through 2027. We expect foldable iPhone penetration to gradually rise to 6–7% of total iPhone shipments, driving Shin Zu Shing's EPS up 127% YoY to NT$11.15 in 2026, and NT$15–16 in 2027—representing a two-year CAGR of 75–80%.

Financials

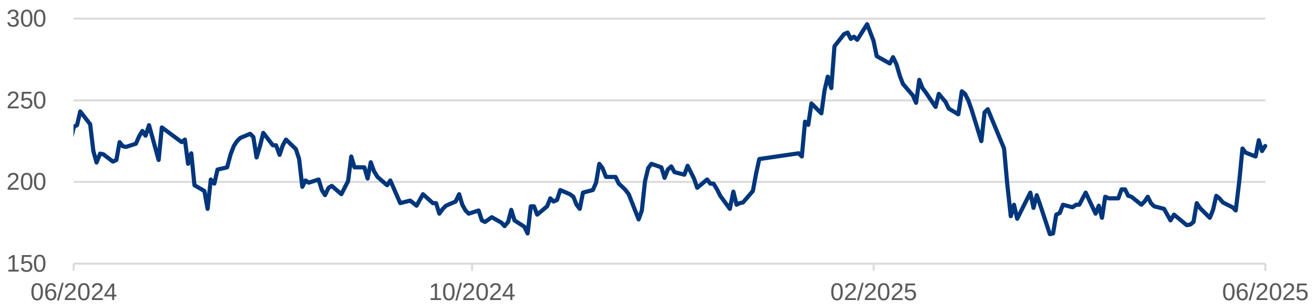
	2022	2023	2024	2025F	2026F
EPS (NTD)	8.68	4.30	7.15	4.91	11.15
EPS Growth (%)	42.7	-50.5	66.4	-31.4	127.2
P/E Ratio	25.4	51.3	30.8	44.9	19.8
ROE (%)	10.6	5.1	8.1	5.2	11.5

Source: Company data, estimates of KGI analyst

Valuations

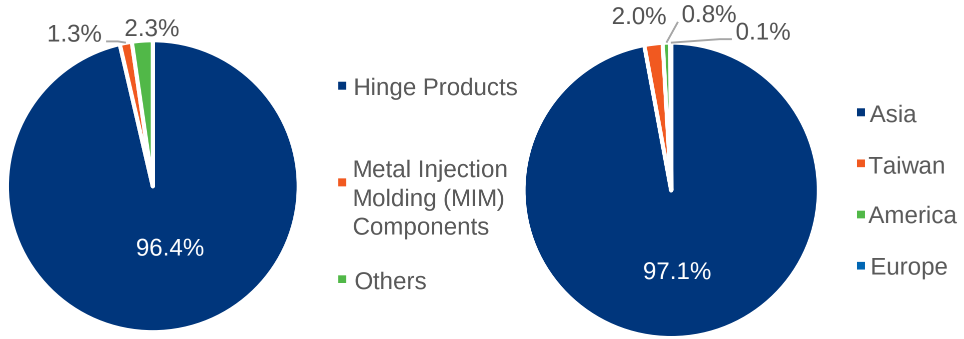


1-Year Price



As of 26 June 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	0.68	20.98	-12.60	5.97	5.71	-4.40

Revenue Sources and Regions



Source: Bloomberg

Mutual Funds/ ETFs

Post-Conflict, Energy Security Gains Focus; New York Governor Promotes Next-Generation Nuclear Plant

► Global X Uranium ETF (URA)

- This fund aims to track the performance of the Solactive Global Uranium & Nuclear Components Total Return Index.
- The index includes global companies engaged in uranium mining, exploration, uranium-related investments, and nuclear technology.
- Geographically, the portfolio is North America-heavy, with Canadian companies accounting for 40% of the index.
- Holdings are concentrated—Cameco is the largest single position, making up 23% of the portfolio, while the top 10 holdings collectively account for over 66% of the total allocation.

Product	Global X Uranium ETF (URA.US)	
Features	▪ The index includes global companies engaged in uranium mining, exploration, uranium-related investments, and nuclear technology. ▪ Holdings are concentrated—approximately 40% are Canadian firms. Cameco is the largest single holding, with a weighting of about 23%, while the top 10 holdings account for over 66% of the total portfolio.	
AUM	USD 3.73 billion	
Tracking Index	Solactive Global Uranium & Nuclear Components Total Return Index	
Expense Ratio	NYSE	
Holdings	48	
Exchanges	0.69%	
3M/YTD Return	55.78% / 41.3%	
Top 5 Sectors (%)	Energy Capital Goods Materials Utilities Semiconductors & Semiconductor Equipment	57.30 28.80 7.40 5.80 0.70
Top 5 Holdings (%)	Cameco Sprott Physical Uranium Trust NuScale Power OKLO INC. Doosan Enerbility	23.44 6.79 5.42 5.35 4.89

Source: Bloomberg, 25 June 2025

Global X Uranium ETF (URA.US)

Profile

This ETF tracks the Solactive Global Uranium & Nuclear Components Total Return Index, aiming to replicate the performance of its constituent stocks and deliver returns in line with the index.

Focused Exposure to Uranium and Nuclear Energy Sector

The tracked index concentrates on global companies involved in the uranium and nuclear energy value chain—including uranium mining, exploration, investment, and nuclear equipment and technology. This ETF is suitable for investors with a constructive outlook on the future of nuclear energy.

Concentrated Holdings

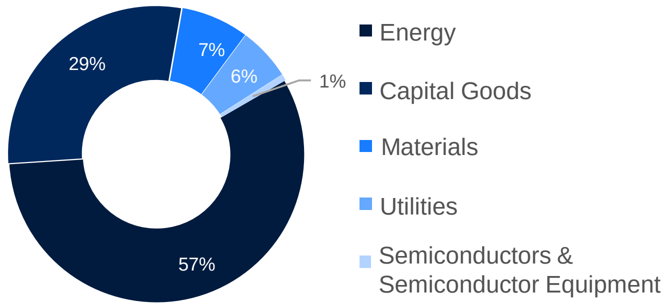
This ETF is heavily weighted toward North America, with Canadian companies accounting for 40% of the portfolio. It holds approximately 48 stocks in total. Cameco is the largest holding, with a weighting of about 23%, while the top 10 holdings represent more than 66% of the portfolio.

Energy Demand

With global energy demand on the rise, nuclear energy is gaining prominence as an efficient and low-carbon alternative. As a result, uranium's role is becoming increasingly critical. Uranium mining and production are expected to hold a strategic position in the future energy landscape.

Inception Date	4 Nov. 2010	**AUM**	USD 3.73 billion
ETF Category	Equities	**Holdings**	48
Expense Ratio	0.69%	**3Y Stand. Dev. (Ann.)**	34.60%

Sectors

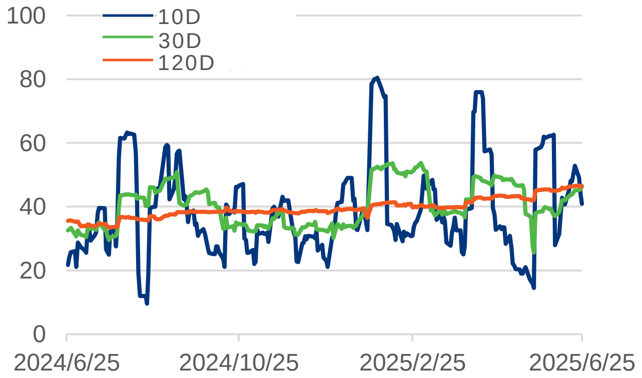


Top-5 Holdings (%)

Cameco	23.44
Sprott Physical Uranium Trust	6.79
NuScale Power	5.42
Oklo Inc.	5.35
Doosan Enerbility	4.89

1-Year Performance

1-Year Volatility



As of 25 June 2025	**1M**	**3M**	**YTD**	**1Y**	**3Y**	**5Y**
Return (%)	18.88	55.78	41.30	33.74	113.16	317.52

Source: Bloomberg, 25 June 2025

Bonds

Middle East Tensions Ease; Focus Shifts to Energy Stability—Large-Scale Utilities Offer Better Defensive Profile

- **EDF 6.25 05/23/33 (Électricité de France) (USD-denominated)**
- **EDF 3.25 05/07/32 (Électricité de France) (EUR-denominated)**
  - Électricité de France (EDF) is the second-largest integrated power company globally and the largest in Europe. It holds a dominant position in France and maintains a strong presence in the U.K. and Italy. EDF accounts for 70–75% of France's electricity production, with a 70% share in the residential market and 50% in the non-residential segment. Through the construction of new nuclear power plants, EDF plays a key role in France's energy transition. As of 2023, 90% of its electricity generation comes from low-carbon sources—78% from nuclear and 9% from hydro—positioning the company as a leader in the global shift toward decarbonized energy.
  - EDF completed its renationalization in June 2023 and is now 100% owned by the French government. In France, nuclear power is a priority across nearly all political parties. As a strategic pillar of the country's energy policy, EDF is expected to continue receiving strong support from the French state.
  - EDF demonstrated strong performance in both 2023 and 2024. Despite a retreat in energy prices from previous highs, the company raised its 2024 nuclear output forecasts in both September and December 2024, which should continue to support profitability. In June 2024, S&P revised EDF's outlook to positive. We anticipate a potential credit rating upgrade from S&P in the near future.

Products	EDF 6.25 05/23/33 (Électricité de France) (USD-denominated)	EDF 3.25 05/07/32 (Électricité de France) (EUR-denominated)
ISIN	USF29416AC23	FR001400ZGF2
Highlight	EDF is the world's second-largest and Europe's largest integrated power utility. The company posted strong results in both 2023 and 2024.	
Maturity Date	2033/5/23	2032/5/7
Next Redemption Day	2033/2/23	2032/2/7
Coupon (%)	Fixed/6.25/Semi-annual	Fixed/3.25/Annual
Currency	USD	EUR
Years to Maturity	7.91	6.86
Rating (Moody's/ Fitch/S&P)	Baa1/BBB+/BBB	Baa1/BBB+/BBB
Seniority	Senior Unsecured	Senior Unsecured
YTM/YTC (%)	5.18/5.15	3.41/3.42

Source: Bloomberg

EDF 6.25 05/23/33 (Électricité de France)

Profile

EDF is the second-largest integrated power company globally and the largest in Europe. It holds a dominant position in France and maintains a strong presence in the U.K. and Italy. EDF accounts for 70–75% of France's electricity production, with a 70% share in the residential market and 50% in the non-residential segment.

- Through the construction of new nuclear power plants, EDF plays a key role in France's energy transition. As of 2023, 90% of its electricity generation comes from low-carbon sources—78% from nuclear and 9% from hydro—positioning the company as a leader in the global shift toward decarbonized energy.
- EDF completed its renationalization in June 2023 and is now 100% owned by the French government. In France, nuclear power is a priority across nearly all political parties. As a strategic pillar of the country's energy policy, EDF is expected to continue receiving strong support from the French state.
- EDF delivered solid results in 2023 and 2024. Despite lower energy prices, it twice raised its 2024 nuclear output forecast, supporting profitability. In June 2024, S&P revised its outlook to positive, with a potential credit rating upgrade expected.

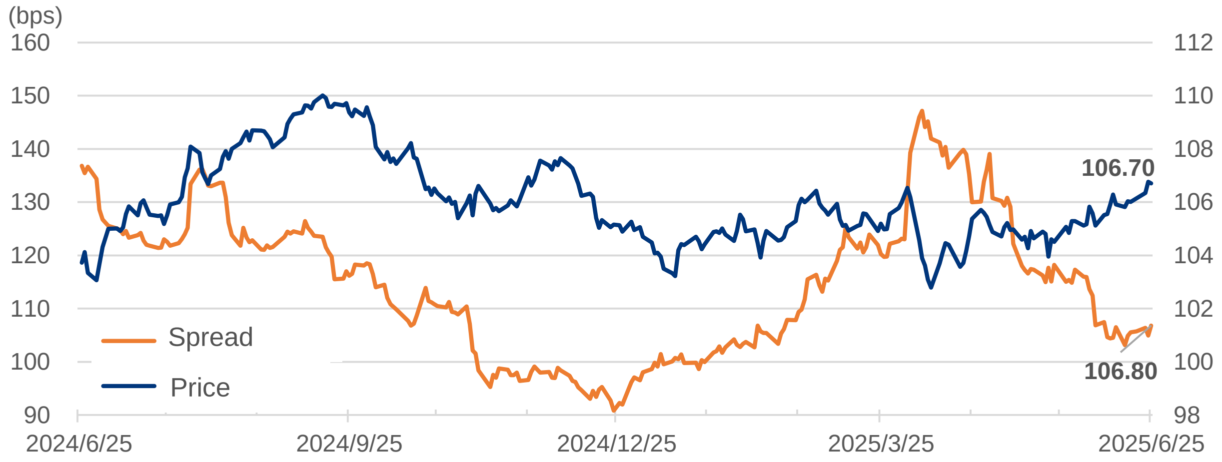
Financials	2022	2023	2024
Free Cash Flow (100M USD)	-256.45	109.67	55.69
ROA (%)	-4.79	2.66	3.12
Interest Coverage Ratio	-9.60	3.27	4.60

Source: Bloomberg, June 26, 2025

Overview

Name	EDF 6.25 05/23/33	ISIN	USF29416AC23
Maturity Date	2033/5/23	Remaining Maturity	7.91
Coupon(%)	Fixed/6.25/Semi-annual	YTM/YTC(%)	5.18/5.15
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa1/BBB+/BBB	Seniority	Senior Unsecured

Price



EDF 3.25 05/07/32 (Électricité de France)

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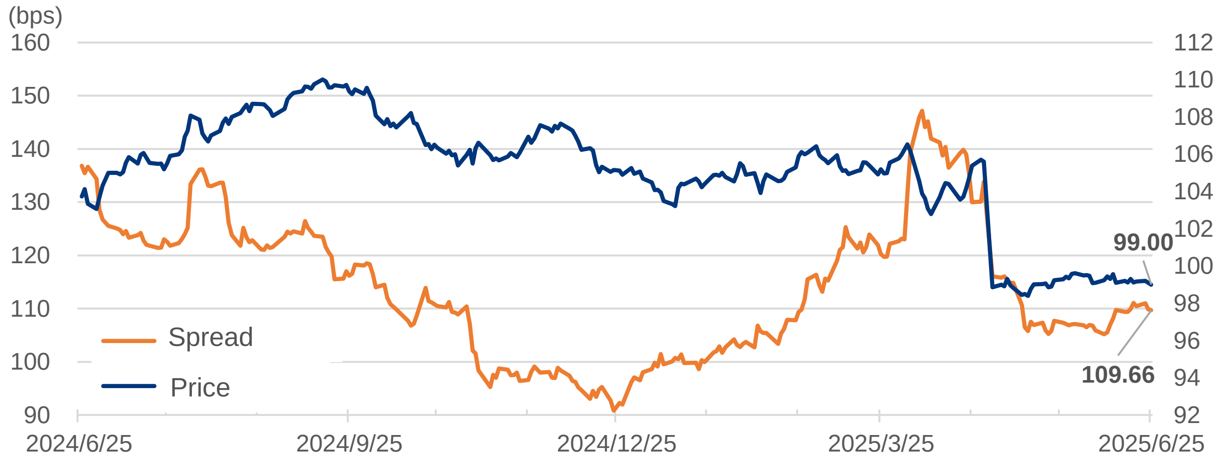
ROA (%)	-4.79	2.66	3.12
Interest Coverage Ratio	-9.60	3.27	4.60

Source: Bloomberg, June 26, 2025

Overview

Name	EDF 3.25 05/07/32	ISIN	FR001400ZGF2
Maturity Date	2032/5/7	Remaining Maturity	6.86
Coupon(%)	Fixed/3.25/Annual	YTM/YTC(%)	3.41/3.42
Currency	EUR	Min. Subscription/ Increment	100,000/100,000
Ratings (Moody's/Fitch/S&P)	Baa1/BBB+/BBB	Seniority	Senior Unsecured

Price



Bonds

Middle East Tensions Ease; Focus Shifts to Energy Stability—Large-Scale Utilities Offer Better Defensive Profile

► **CHUGEP 5.742 01/14/35 (Chugoku Electric Power Company) (USD-denominated)**

- Chugoku Electric Power is Japan's sixth-largest regulated utility, supplying about 6% of the nation's electricity. It holds a near-monopoly in the Chugoku region with around 90% market share and operates a vertically integrated model across generation, transmission, distribution, and retail. In FY2023, its power mix comprised 41% coal, 15% natural gas, 16% renewables, and 19% wholesale purchases.
- Japan's regulatory framework supports utility credit strength through a cost-plus pricing model. Fuel cost fluctuations are passed on to customers with a typical 3–5 month lag, and regulated rates allow full recovery of operating and capital costs from residential users.
- In 2023, the company raised electricity tariffs for the first time in approximately 40 years, coinciding with a retreat in energy prices from peak levels—both factors contributing to improved profitability. Additionally, in December 2024, the company restarted its Shimane Unit 2 nuclear reactor, which is expected to significantly reduce fuel costs and provide a stable source of baseload power. Compared to existing coal and gas-fired plants, this nuclear unit offers lower fuel cost volatility. S&P anticipates that the restart of Shimane Unit 2 will add several tens of billions of yen to the company's annual profits.

Products	CHUGEP 5.742 01/14/35 (Chugoku Electric Power Company) (USD-denominated)
ISIN	XS2963902759
Highlight	Chugoku Electric Power is Japan's sixth-largest regulated utility. Japan's regulatory framework continues to support the company's credit fundamentals.
Maturity Date	2035/1/14
Next Redemption Day	2034/10/14
Coupon (%)	Fixed/5.742/Semi-annual
Currency	USD
Years to Maturity	9.55
Rating (Moody's/ Fitch/S&P)	-/-/BBB+
Seniority	Secured
YTM/YTC (%)	5.38/5.37

Source: Bloomberg

CHUGEP 5.742 01/14/35 (Chugoku Electric Power Company)

Profile

Chugoku Electric Power Company is Japan's sixth-largest regulated utility, accounting for approximately 6% of the country's total electricity sales. It maintains a near-monopoly position in its home market—the Chugoku region of Japan—where it holds roughly 90% market share. Its vertically integrated business model spans power generation, transmission, distribution, and retail, providing a stable operational framework.

- Japan's regulatory framework supports utility credit strength through a cost-plus pricing model. Fuel cost fluctuations are passed on to customers with a typical 3–5 month lag, and regulated rates allow full recovery of operating and capital costs from residential users.
- In 2023, the company raised electricity tariffs for the first time in approximately 40 years, coinciding with a retreat in energy prices from peak levels—both factors contributing to improved profitability. Additionally, in December 2024, the company restarted its Shimane Unit 2 nuclear reactor, which is expected to significantly reduce fuel costs and provide a stable source of baseload power. Compared to existing coal and gas-fired plants, this nuclear unit offers lower fuel cost volatility. S&P anticipates that the restart of Shimane Unit 2 will add several tens of billions of yen to the company's annual profits.

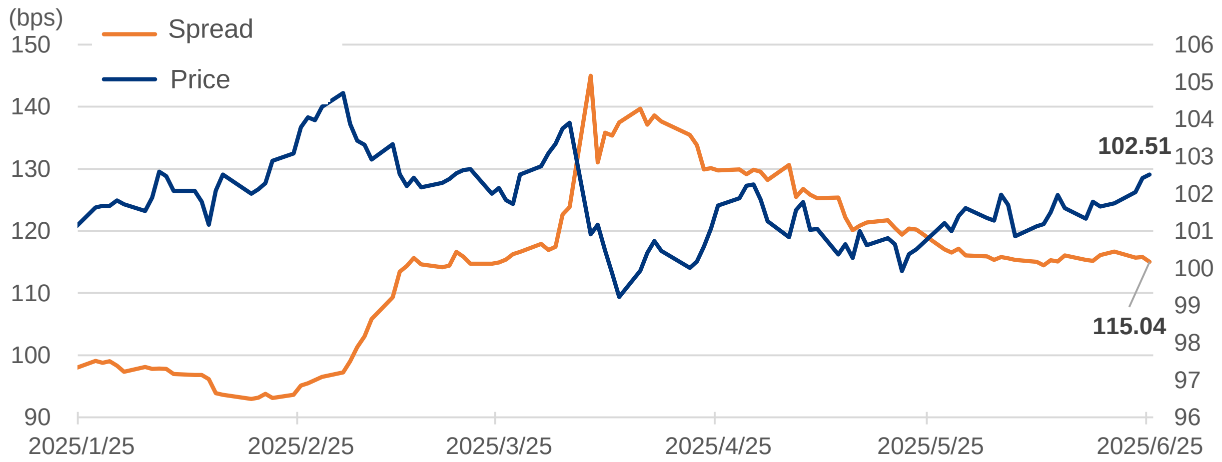
Financials	2022	2023	2024
Free Cash Flow (100M USD)	-16.53	-19.66	4.53
ROA (%)	-1.14	-4.09	3.27
Interest Coverage Ratio	-6.30	-6.41	16.30

Source: Bloomberg, June 26, 2025

Overview

Name	CHUGEP 5.742 01/14/35	ISIN	XS2963902759
Maturity Date	2035/1/14	Remaining Maturity	9.55
Coupon(%)	Fixed/5.742/Semi-annual	YTM/YTC(%)	5.38/5.37
Currency	USD	Min. Subscription/ Increment	200,000/2,000
Ratings (Moody's/Fitch/S&P)	-/-/BBB+	Seniority	Secured

Price



Appendix Key Economic Data / Events

JUNE 2025

23 Monday
- U.S. Jun. S&P Global Manufacturing PMI Initial Value (Actual:52.0 Est:51.0 Prev:52.0)
- U.S. Jun. S&P Global Services PMI Initial Value (Actual:53.1 Est:53.0 Prev:53.7)
- U.S. Jun. Existing Home Sales (Actual:4.02m Est:3.95m Prev:4.00m)
- Japan Jun. Jibun Bank Mfg PMI Initial Value (Actual:50.4 Prev:49.4)
- Eurozone Jun. HCOB Mfg PMI Initial Value (Actual:49.4 Est:49.7 Prev:49.4)

24 Tuesday
- U.S. Jun. Conf. Board Consumer Confidence (Actual:93.0 Est:99.8 Prev:98.4)

25 Wednesday
- U.S. May. New Home Sales (Actual:623k Est:693k Prev:722k)
- U.S. May. Building Permits Final Value (Actual:1,394k Est:1,393k Prev:1,422k)
- Japan May. Machine Tool Orders YoY Final Value (Actual:3.4% Prev:7.7%)

26 Thursday
- U.S. Last Week's Jobless Claims (Actual:236k Est:243k Prev:246k)
- U.S. Q1 GDP Annualized QoQ Final Value (Actual:-0.5% Est:-0.2% Prev:2.4%)
- U.S. May. Durable Goods Orders MoM Initial Value (Actual:16.4% Est:8.5% Prev:-6.6%)
- Hong Kong May. Exports YoY (Actual:15.5% Est:12.5% Prev:14.7%)

27 Friday
- U.S. May. PCE YoY (Est:2.3% Prev:2.1%)
- U.S. May. Core PCE YoY (Est:2.6% Prev:2.5%)
- U.S. Jun. U. of Mich. Sentiment Final Value (Est:60.5 Prev:52.2)
- Japan Jun. Tokyo CPI YoY (Actual:3.1% Est:3.3% Prev:3.4%)
- Japan May. Jobless Rate (Actual:2.5% Est:2.5% Prev:2.5%)
- Eurozone Jun. Consumer Confidence (Est:-15.3 Prev:-15.1)

JULY 2025

30 Monday
- Japan May Industrial Production MoM Initial Value (Est:3.5% Prev:-1.1%)
- China Jun. Manufacturing PMI (Est:49.7 Prev:49.5)
- China Jun. Non-manufacturing PMI (Est:50.3 Prev:50.3)

1 Tuesday
- U.S. Jun. S&P Global Manufacturing PMI Final Value (Est:52.0 Prev:52.0)
- U.S. Jun. ISM Manufacturing PMI (Est:48.8 Prev:48.5)
- U.S. May. JOLTS Job Openings (Prev:7,391k)
- Japan. Jun. Jibun Bank PMI Mfg Final Value (Prev:49.4)
- Eurozone Jun. CPI YoY Initial Value (Prev:1.9%)
- Eurozone Jun. HCOB Mfg PMI Final Value (Prev:49.4)

2 Wednesday
- U.S. Jun. ADP Employment Change (Est:110k Prev:37k)
- Eurozone May. Unemployment Rate (Prev:6.2%)

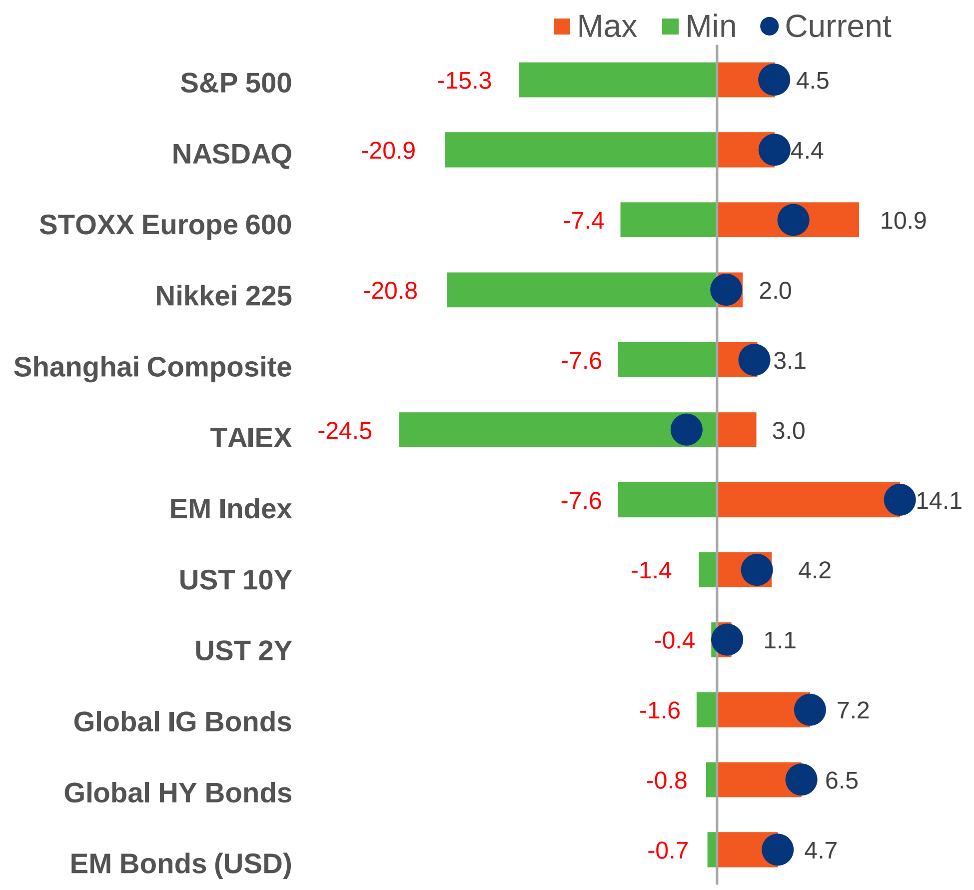
3 Thursday
- U.S. Last Week's Jobless Claims (Prev:236k)
- U.S. Jun. Change in Nonfarm Payrolls (Est:120k Prev:139k)
- U.S. Jun. Unemployment Rate (Est:4.3% Prev:4.2%)
- U.S. Jun. ISM Services PMI (Est:50.8 Prev:49.9)
- U.S. May. Durable Goods Orders MoM Final Value (Prev:-6.6%)
- Eurozone Jun. HCOB Services PMI Final Value (Prev:49.7)

4 Friday
- Eurozone May.PPI YoY (Prev:0.7%)

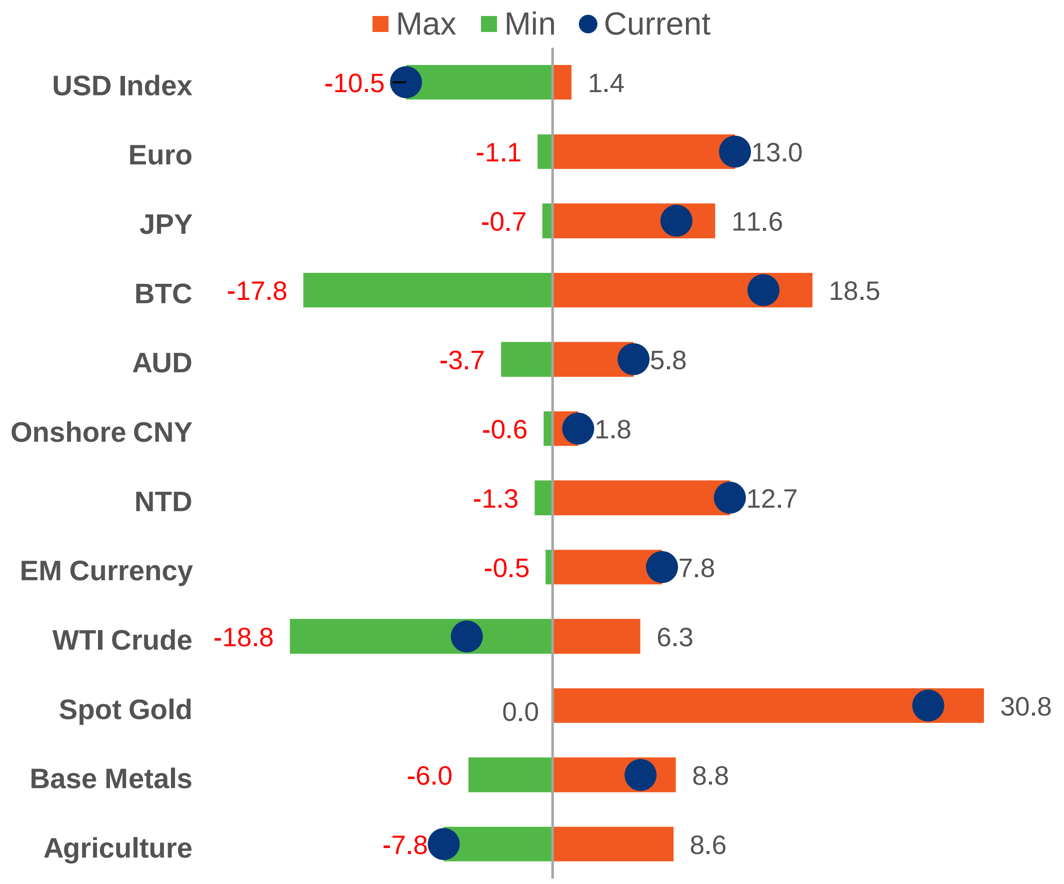
Source: Bloomberg

YTD Major Market / Asset Performance

Stock and Bond Market YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg, 27 June. 2025

Technical Analysis

60D MA

S&P 500 Index

NASDAQ Index

STOXX Europe 600 Index

Nikkei 225 Index

Shanghai Composite Index

MSCI Emerging Markets Index

Gold

WTI Crude

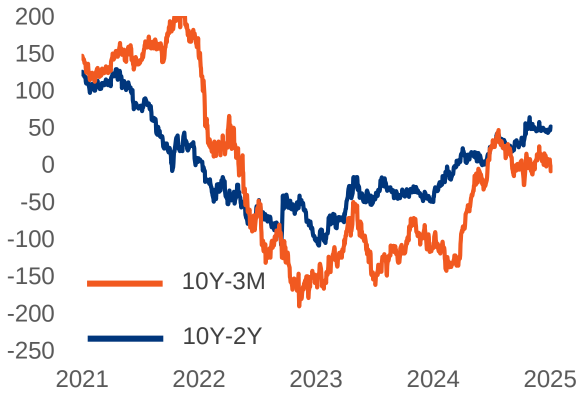
Source: Bloomberg, 27 June. 2025

Market Monitor

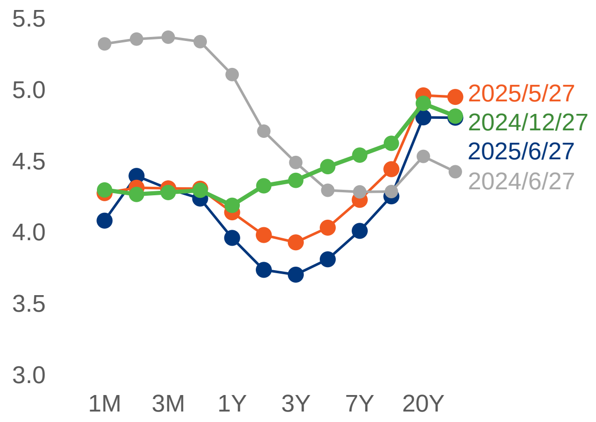
U.S. CPI YoY (%)

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

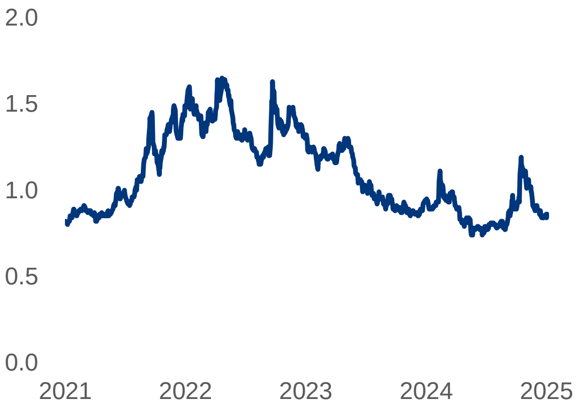
U.S. Treasury Yield Spread (bps)



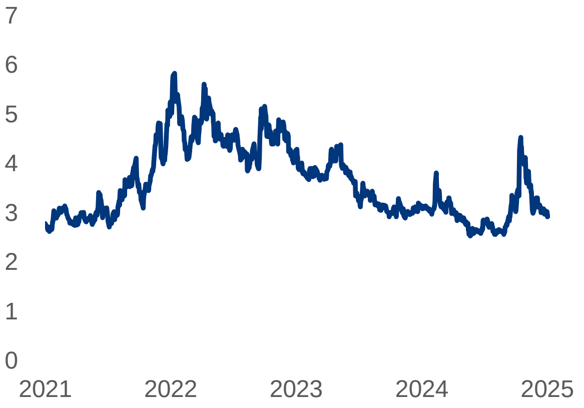
U.S. Treasury Yield Curve (%)



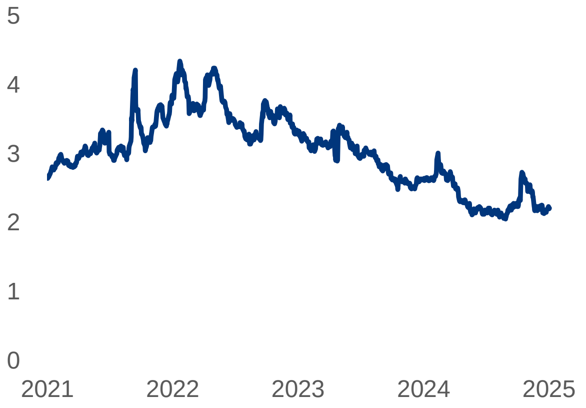
USD IG Credit Spread (%)



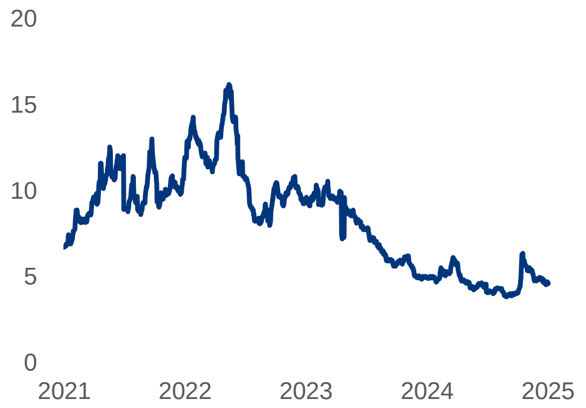
USD HY Credit Spread (%)



USD EM Credit Spread (%)



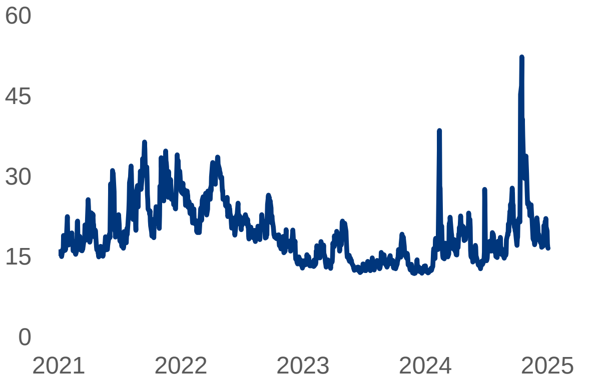
USD Asia Credit Spread (%)



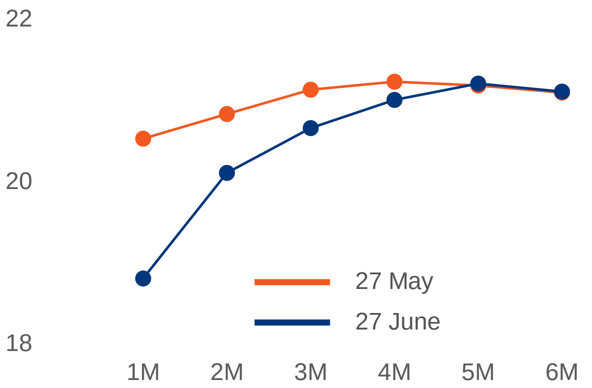
Source: Bloomberg, 27 June. 2025

Market Monitor

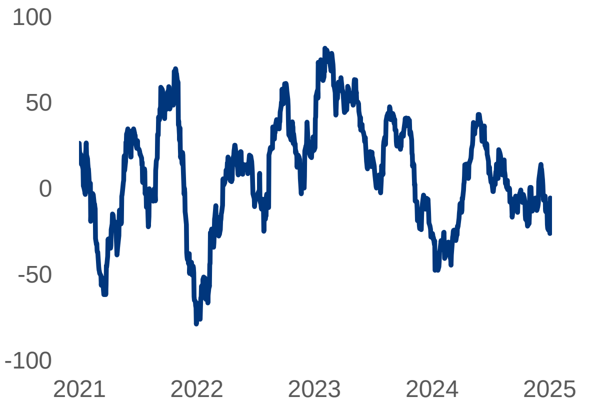
VIX Index



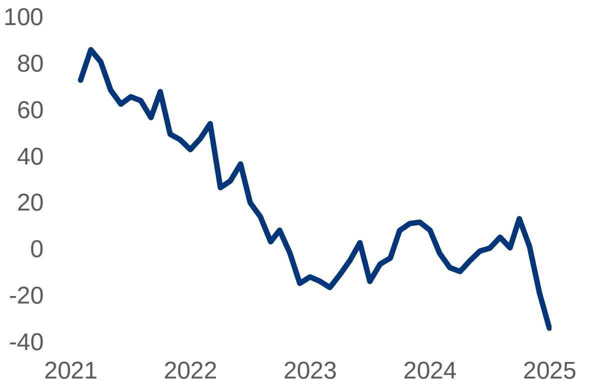
VIX Term Structure



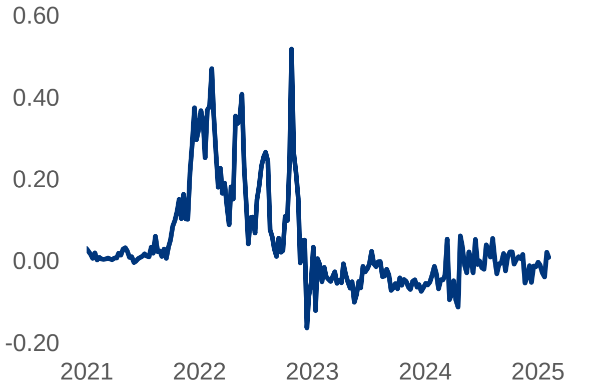
U.S. Citi Economic Surprise Index*



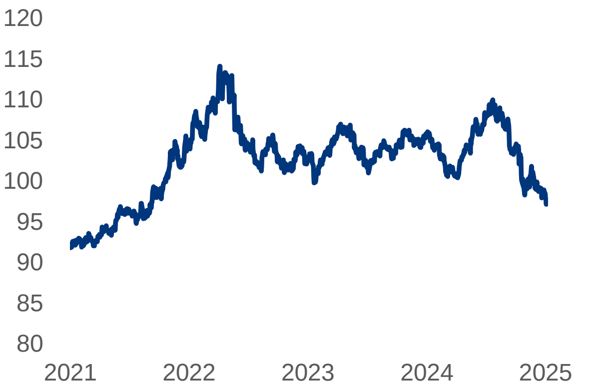
U.S. Citi Inflation Surprise Index*



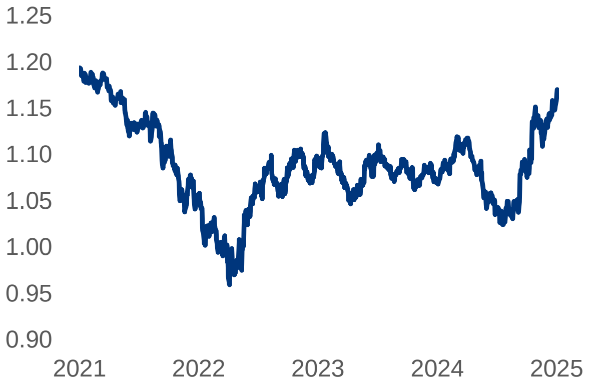
TED Spread (bps)



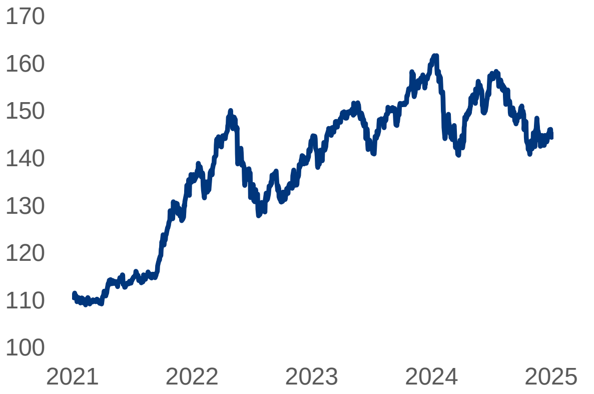
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg,27 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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