KGI

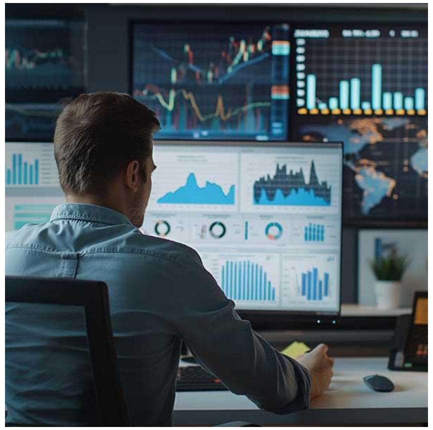
CIO Office

Global Markets Weekly Kickstart

Back to American Made

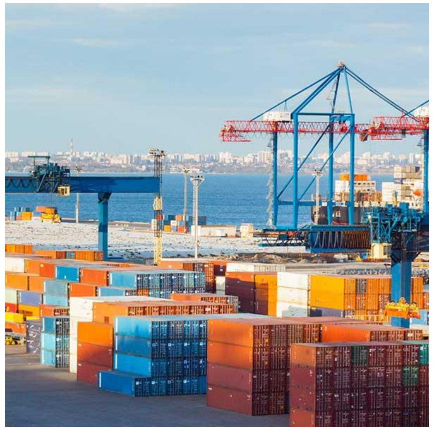
21 July 2025

01 Chart of the Week



Virtual Asset Bill Advances; Optimism Lifts Related Tokens

02 Market Recap



Nvidia Export Ban to China Lifted; U.S.-China Talks Boost Market Sentiment

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CPI Ticks Up Slightly; September Rate-Cut Bets Ease

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Tariff Surge Drives Up Costs, Fueling 'Made-in-USA' Trend

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

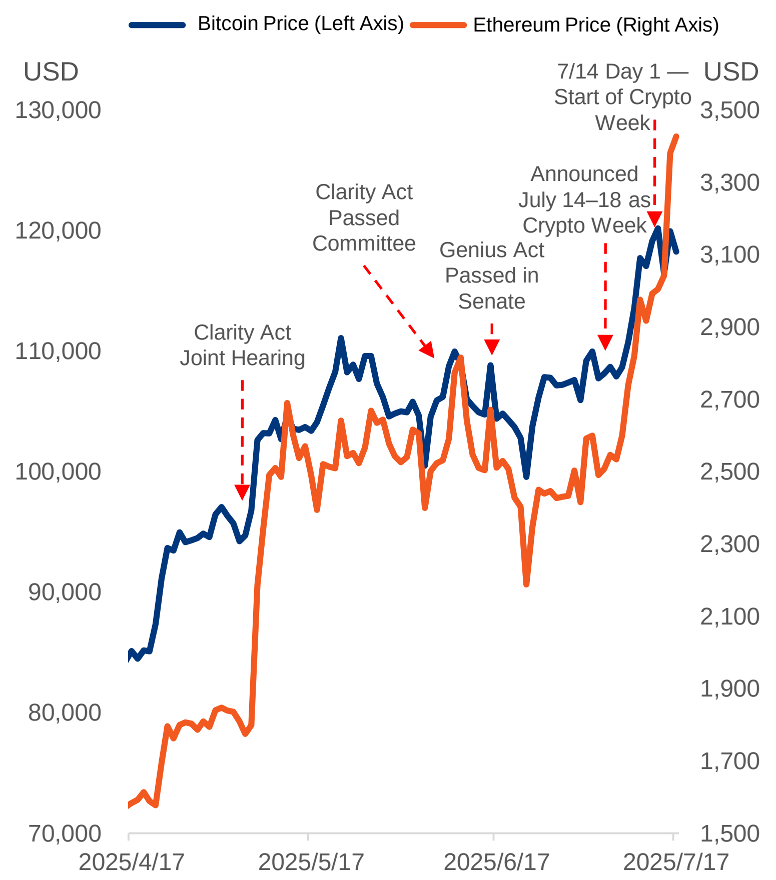
Chart of the Week Trump Drives Crypto Policy; House Passes Key Bills with Broad Support

- The U.S. House overwhelmingly passed three major crypto-related bills last week—GENIUS, CLARITY, and Anti-CBDC—despite some midweek setbacks. Under Trump's leadership, a structured legislative roadmap has emerged, signaling a regulatory embrace rather than a crackdown. The GENIUS Act, which sets clear rules for stablecoins to support institutional capital flows and real-world payment use cases, passed with a strong 308–122 vote, gaining support from over 100 Democrats and is expected to become law. The CLARITY Act, which defines the primary regulatory authority for digital assets, passed 294–134 and moves to the Senate. The Anti-CBDC Act reinforces the core principle of decentralized currencies and protects financial freedom.
- A clearer regulatory framework is expected to attract more traditional financial capital into the crypto space. Over the past three months, each sign of legislative progress has fueled rallies in major cryptocurrencies like Bitcoin and Ethereum. Related sectors—including exchanges, miners, and crypto-holding companies—have also benefited.

Push for Regulatory Framework Aligns with Vision for Global Crypto Hub

Bill Name	GENIUS – Stablecoin Bill	CLARITY – Market Structure Bill	Anti-CBDC – Anti-CBDC Bill
Theme	Regulating Stablecoins	Clear Regulatory Authority	Opposes Fed-Issued Digital Currency
Key Provisions	* Issuers must undergo qualification review; dual oversight by state and federal regulators * Payment stablecoins require 100% reserves in cash or short-term U.S. Treasuries (<93 days) * Trust and bankruptcy protections; issuers must comply with financial regulations (AML, KYC)	* Defines regulatory authority over digital asset commodities and securities: • Commodity tokens register with the CFTC • Security tokens register with the SEC * Aims to prevent regulatory overreach, ensure transparency, and safeguard innovation	* Blocks government from issuing surveillance-based digital currencies * Prohibits the Fed from distributing CBDCs to individuals * Bans use of CBDCs as monetary policy tools * Prohibits development of surveillance-oriented CBDC infrastructure
Market Impact: Bullish	Stablecoin Legalization	Reduces Market Uncertainty	Strengthens Free Market for Cryptocurrencies
Beneficiaries	Payment Platforms	Exchanges / Developers	Decentralization Advocates

Clearer Oversight Boosts Market Confidence; Crypto Assets Rally



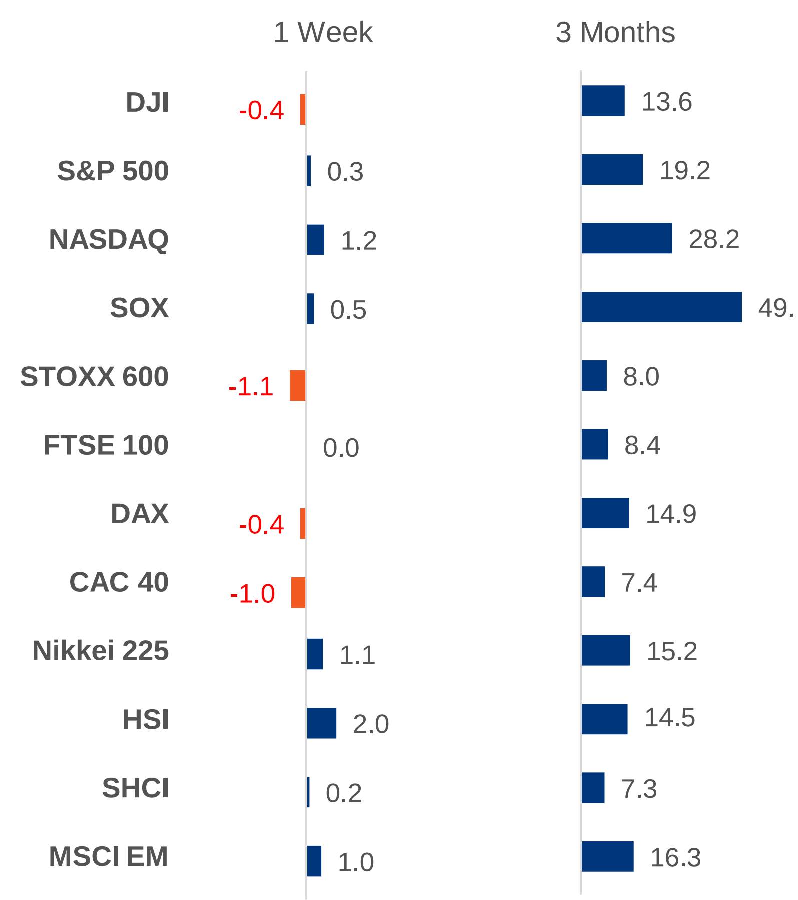
Source: Bloomberg, as of July 17, 2025

Market Recap

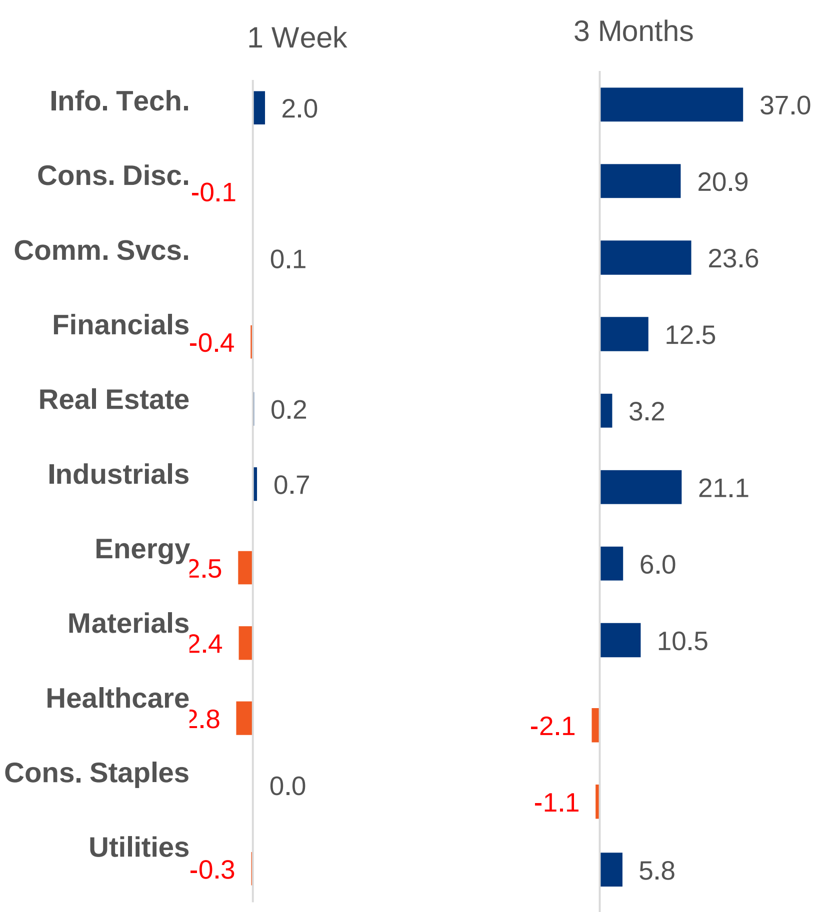
Nvidia China Export Ban Lifted; U.S. Tech Stocks and Hong Kong Markets Rally

- Following close negotiations with the U.S. government, Nvidia's H20 chips have been cleared for export to China. The news triggered a sharp rally in Nvidia shares and boosted related tech stocks. The Nasdaq, heavily weighted in tech, led the four major U.S. indexes. Sector-wise, Information Technology posted the strongest gains among the 11 sectors. In contrast, the Dow underperformed, weighed down by investor concerns that upcoming earnings may reflect higher costs from tariffs. So far, about 60% of companies have reported better-than-expected results—below the 60–80% beat rate seen from 3Q24 to 1Q25.
- Nvidia's export approval also lifted Hong Kong stocks, making them the top performers globally. Neighboring markets like Taiwan and Japan saw gains in tech names, supporting broader index strength. In contrast, Europe underperformed, with the STOXX 600 posting the steepest decline. Geopolitical tensions weighed on sentiment after Trump threatened severe economic sanctions on Russia if it fails to halt hostile actions against Ukraine within 50 days.

Regional Index Performance (%)



U.S. Sector Index Performance (%)

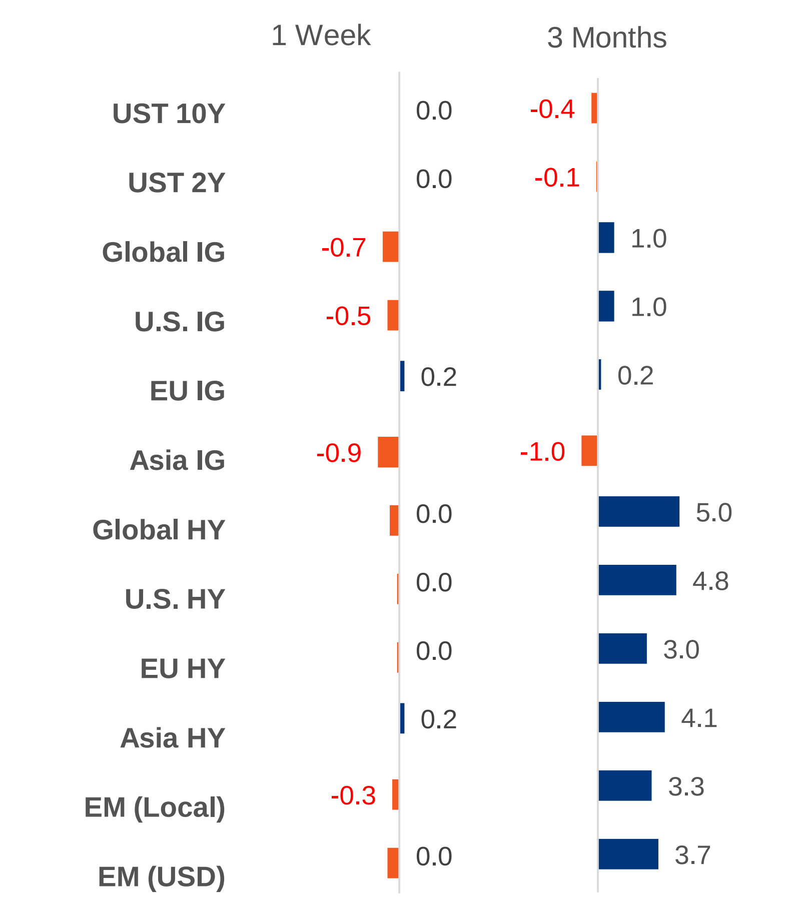


Source: Bloomberg, 18 July 2025

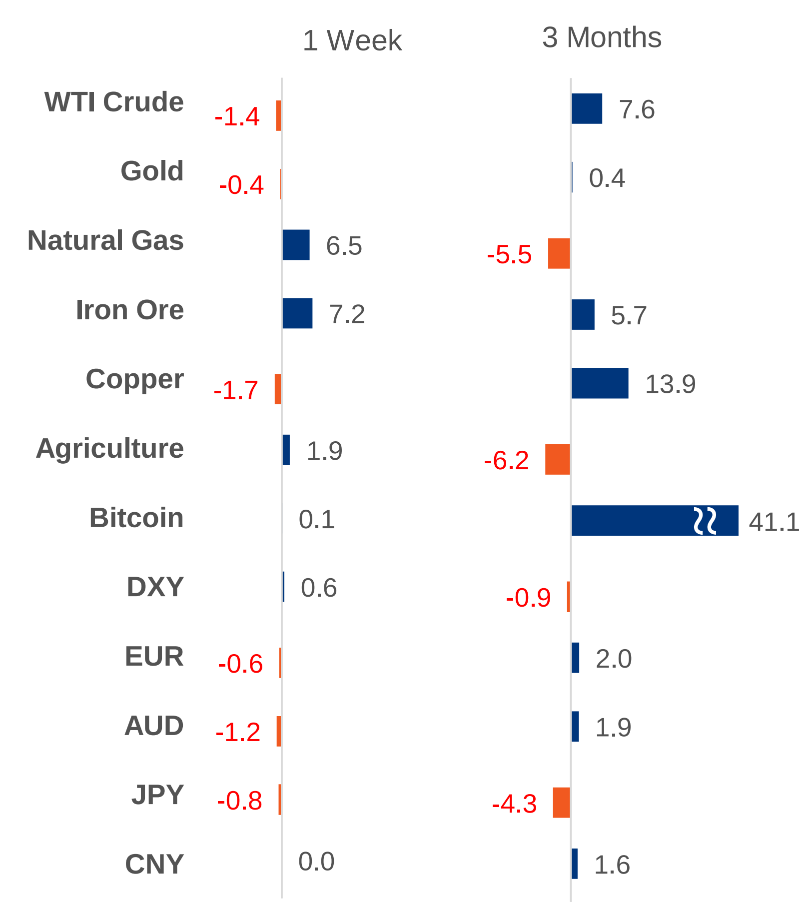
Tariff News Weighs on Asia Credit, Lifts Copper Prices; Yen Faces Near-Term Pressure

- Core inflation continued to ease, but services inflation edged higher, driving June CPI above expectations. Retail sales rose sharply, with June's MoM growth rebounding from -0.9% to 0.6%, well above the 0.1% forecast—signaling resilient consumer demand. With solid economic momentum and sticky inflation, the Fed is widely expected to hold rates steady in July. Market sentiment remains risk-on. Bonds were under pressure, with only European IG and Asian HY outperforming—European IG supported by geopolitical risk, and Asian HY buoyed by China's improving data, which has lowered credit risk given its heavy weighting.
- China's 2Q GDP came in at 5.2%, beating expectations of 5.1%, driven by strong policy support—boosted infrastructure spending, consumer subsidies, and accommodative monetary policy. These measures lifted demand in the steel sector. Iron ore rallied sharply this week, further supported by output cuts in major producing regions. The U.S. dollar index rebounded, weighing on non-USD currencies. In Australia, unemployment rose to 4.3%, the highest since November 2021, adding pressure on the RBA to cut rates in August amid signs of a weakening labor market.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



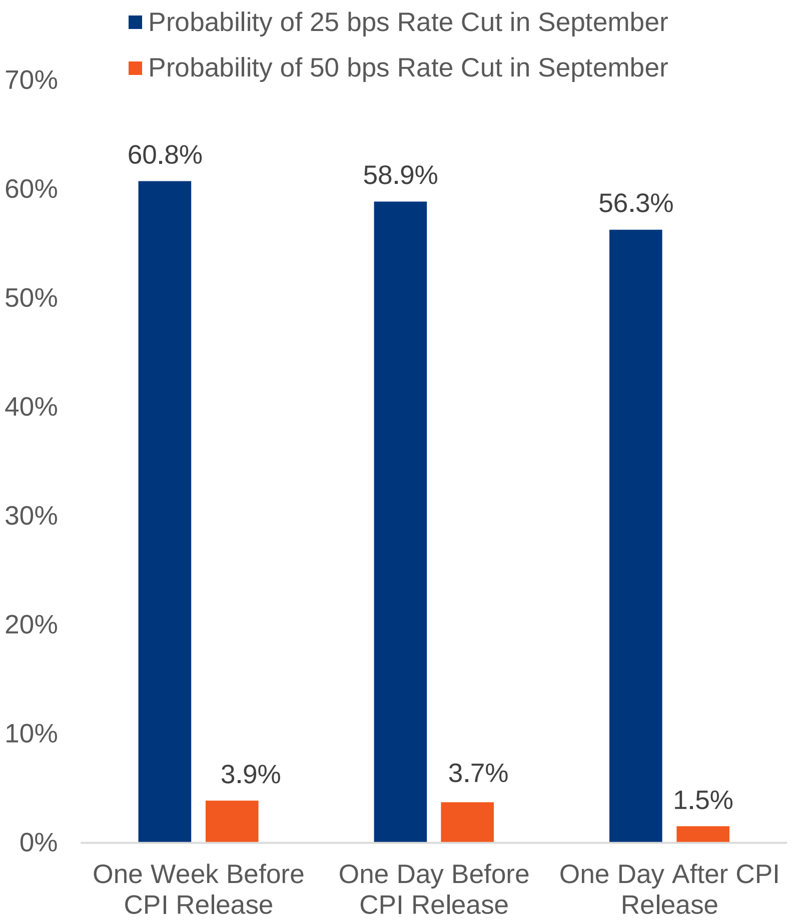
Source: Bloomberg, 18 July 2025

What's Trending June CPI Tops Forecasts; Implied Odds of September Rate Cut Dip Slightly

- U.S. CPI rose 0.3% MoM in June, in line with Bloomberg consensus but higher than May's 0.1%. YoY, inflation came in at 2.7%, slightly above the 2.6% forecast and May's 2.4%. Housing inflation continued to ease, but service inflation edged up, mainly due to higher medical service costs. Goods inflation was driven by rising furniture prices, while autos—both new and used—saw price declines, with no clear signs of tariff impact yet. Core CPI rose 0.2% MoM, just below the 0.3% estimate but above May's 0.1%. The YoY core figure held at 2.9%, in line with forecasts but still above May's 2.8%.
- According to CME FedWatch data, ahead of the CPI release, markets priced a 58.9% chance of a 25 bps cut in September and a 3.7% chance of a 50 bps cut. Post-release, those odds dipped to 56.3% and 1.5%, respectively. With inflation data slightly hotter than expected, the likelihood of a 3Q rate cut was modestly revised down. A weaker labor market or limited inflation impact from tariffs would support the case for a September Fed cut.

U.S. CPI Rose 2.7% YoY in June, Above May's 2.4%

Rate-Cut Odds for September Trimmed to 56% Post-CPI



Source: Bloomberg, CME FedWatch

In Focus U.S. Effective Tariff Rate Could Exceed 15%; Long-Term Goal: Drive Onshoring of Manufacturing

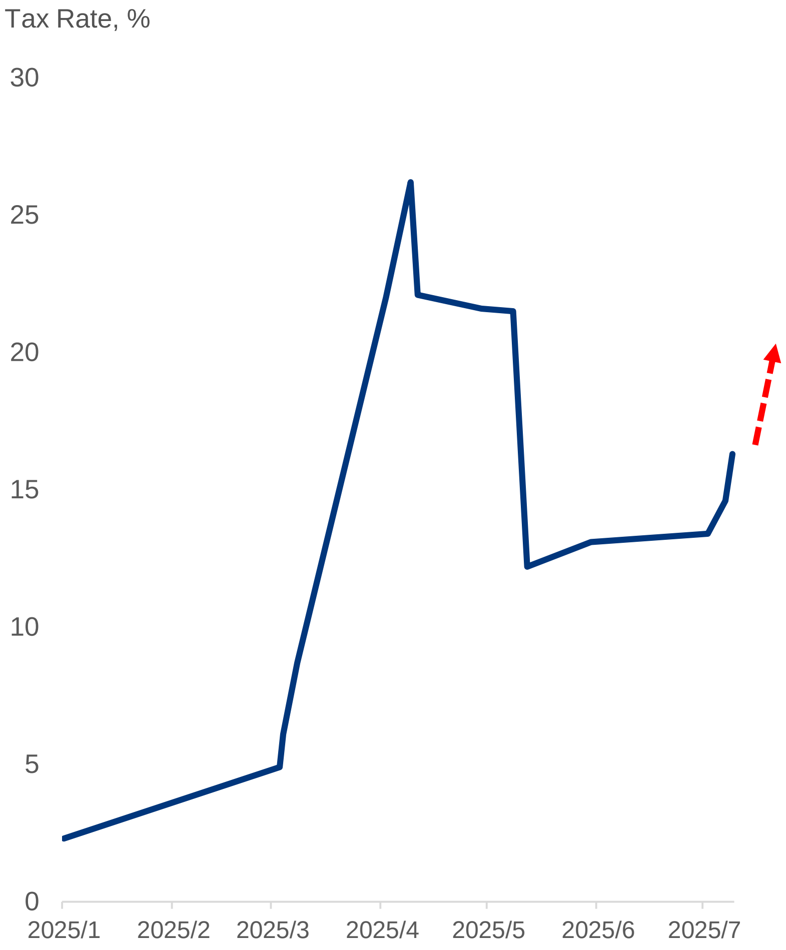
- Following the implementation of high tariffs on April 2, 2025 (Liberation Day), many countries entered negotiations with the U.S. during the three-month consultation window. The U.K.—with a trade surplus and strong alignment with Trump—was the first to reach a deal, securing a reciprocal tariff floor of 10–20%. This illustrates Trump's clear goal of reshaping global trade through tariff pressure, ultimately aiming to drive companies to relocate production to the U.S. and re-establish American industrial dominance.
- According to J.P. Morgan estimates, the U.S. effective tariff rate is expected to rise to 16.3%. With additional tariffs—including a 50% duty on imported copper, 25% tariffs under Section 232 on select sectors like pharmaceuticals and semiconductors, and a 10% surcharge on BRICS imports—the peak effective rate could reach 20.7%. Since the start of 2025, tariffs have surged nearly tenfold from 2.3%. Treasury Secretary Bessent noted that as of end-June, tariff revenues had reached $100 billion and are on track to surpass $300 billion by year-end.

Room for Adjustment Before Aug 1; Market Watching Trump Tariff Policy

Trump's 2025 Reciprocal Tariffs Key Timeline and Effective Rates

Apr 2	Trump Announces Retaliatory Tariffs
Apr 9	Tariffs on China raised to 125%; 10% tariffs imposed on other countries
Apr 15	Tariffs on China as high as 245%
	Improved Risk Sentiment
Apr 29	Adjusted auto tariffs; eased restrictions on parts imports
May 8	U.S. and U.K. Reach Trade Agreement
May 12	U.S.–China trade talks begin; China adjusts reciprocal tariffs to 10%
May 30	Steel and aluminum tariffs raised to 50%
Jul 2	U.S. and Vietnam Reach Trade Agreement
Jul 7	First wave of tariff notices sent to 14 countries
Jul 9	Additional 8 countries receive tariff notices; Brazil's tariffs reach 50%
Aug1	Reciprocal tariffs officially in effect
	2H Risk Factors
Future Tariff Assumptions	■ 50% tariff on copper imports ■ 25% tariff on pharmaceuticals under Section 232 (assumed) ■ 25% tariff on semiconductors under Section 232 ■ Additional 10% tariff on all BRICS imports

Current Projections Put Effective Tariff Rate at 16.3%

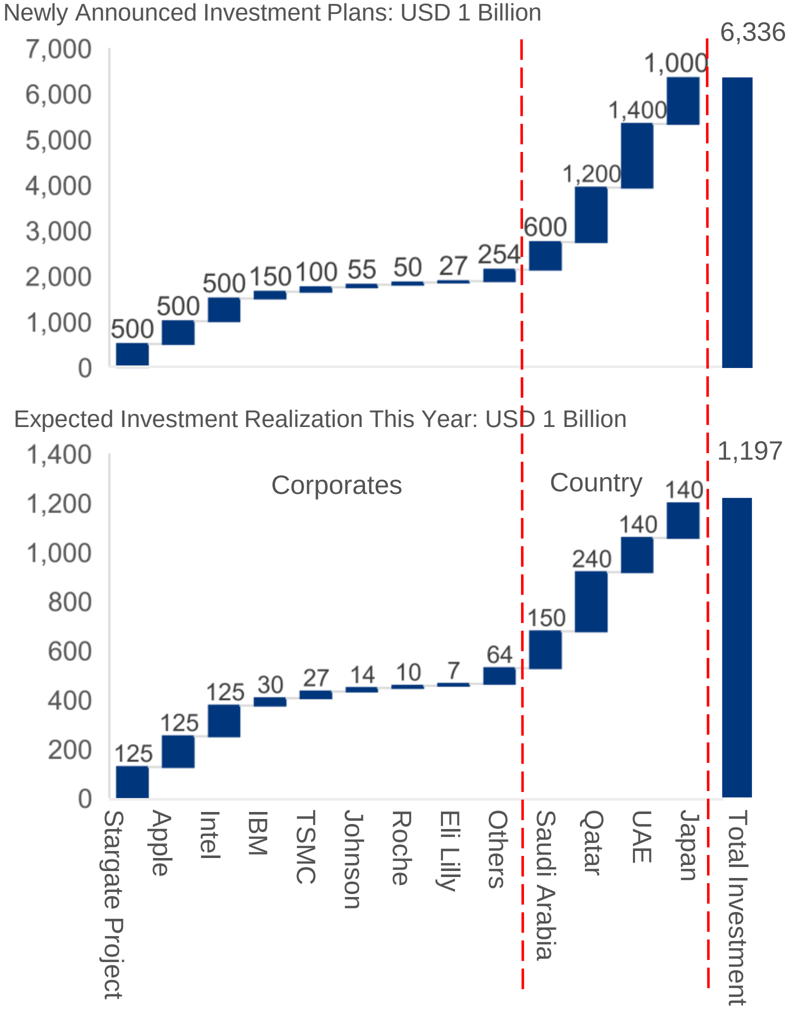


Source: J.P.Morgan

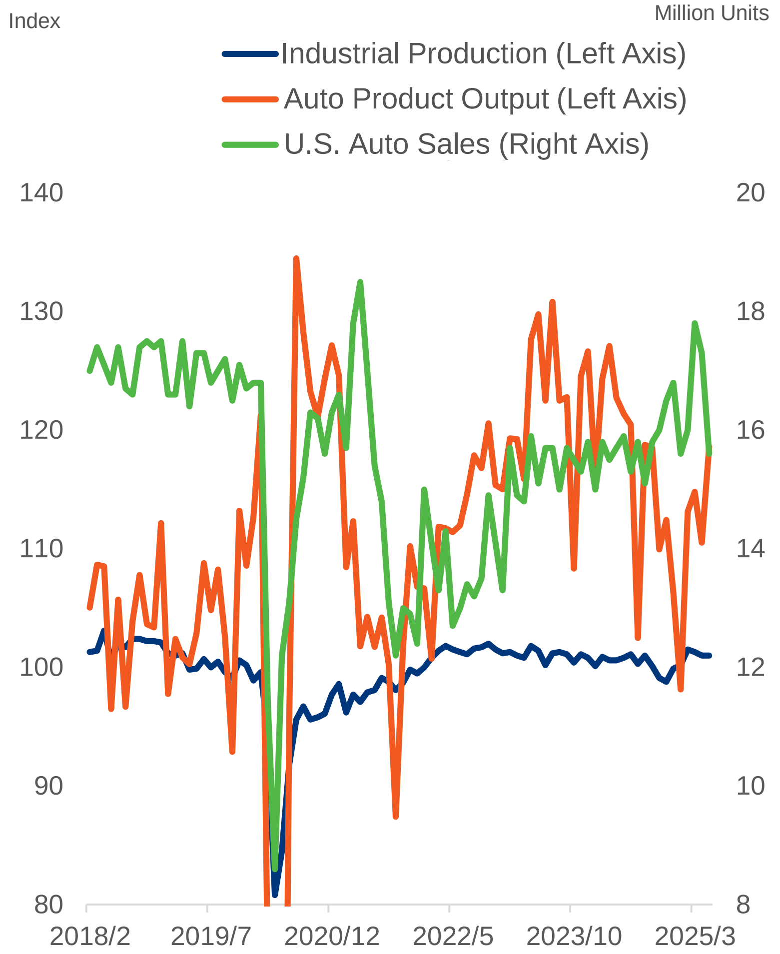
Foreign and Corporate Investment in U.S. Rises; Tariff Pressure Drives Auto and Parts Production Back Home

- In his second term, Trump has made it clear that his economic strategy centers on attracting trillions of dollars in investment to restore U.S. manufacturing dominance, with tariffs as the key driver. Corporates have responded with over $2 trillion in new investment announcements. U.S. allies in the Middle East and Japan have pledged an additional $4.2 trillion. Goldman Sachs estimates over $1 trillion in actual investment will be realized this year. Corporate capex is expected to account for 1.5% of GDP, while foreign capital could add another 2.5%, supporting economic growth.
- Beyond new investment, Trump also aims to shift the industrial structure by increasing the share of manufacturing. Tariff-induced cost pressure is prompting companies to reshore production. While broader industrial output has yet to show major gains, tariffs introduced in late April on autos and parts have already had a clear effect. Auto production indexes have surged, even as U.S. auto sales fell sharply—from 17.8 million to 15.6 million units—indicating that the rebound in output is likely tied to reshoring by manufacturers.

Investment in the U.S. Begins to Materialize; Corporates and Foreign Capital Show Positive Intent



Tariff Momentum Supports Manufacturing Output, with Notable Gains in Autos and Parts



Source: Goldman Sachs (Left)、Bloomberg (Right)

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	◆ Trump's tariff hikes on key trading partners—Japan, Canada, Mexico, and the EU—still leave room for negotiation before the August 1 deadline, helping reduce policy uncertainty. Meanwhile, sentiment improved on reports that Nvidia may resume chip exports to China. However, with corporate earnings forecasts already revised downward and equity valuations appearing stretched, industry-specific tariffs remain a potential risk. Portfolio strategy should remain anchored in defensives and quality stocks, with flexibility to adapt to shifting market conditions. Long-term investors may look to accumulate AI-related themes on pullbacks, with a relative preference for software and cybersecurity stocks within tech. ◆ U.K. equities, having reached an early trade deal, offer relative advantages. In the eurozone, supportive monetary policy and Germany's push for fiscal stimulus suggest European equities can be accumulated gradually on dips. In Japan, continued economic improvement favors domestic demand plays—particularly banks, which are attractive on weakness.	**Strategy**: Focus on high-quality large caps, emphasizing defensives and quality stocks. For long-term positioning, accumulate structural AI themes such as software and cybersecurity stocks. **Regions**: European equities, UK equities, Japanese domestic and bank stocks.
Bonds	◆ Inflation data edged higher, and the Fed's Beige Book indicated that in the second half of the year, manufacturers are likely to begin passing tariff costs through to prices, adding inflationary pressure. While the probability of a September rate cut has slightly declined, the 10-year U.S. Treasury yield rose modestly, hovering around 4.4%–4.5%. Current short- to intermediate-term yields remain attractive, offering an opportunity to lock in rates during yield upticks. For investment-grade credit, A-rated or higher blue-chip corporates are preferred. Sectors with favorable risk-adjusted spreads include financials, industrials, energy, utilities, and communications. ◆ With the U.S. dollar remaining weak, diversifying into non-USD investment-grade bonds—such as those denominated in EUR or SGD—can help mitigate currency risk.	**Duration:** Lock in yields via short- to intermediate-term high-quality corporate bonds **Type:** Focus on investment-grade bonds from large-cap issuers, with sector exposure in financials, industrials, energy, utilities, and communications
Forex	◆ The Trump administration supports a weaker U.S. dollar to enhance manufacturing competitiveness. Expectations for the passage of the "Big and Beautiful" Act have also fueled projections of a widening fiscal deficit, reinforcing a medium- to long-term weak dollar outlook. ◆ Non-USD currencies like the euro and yen remain rangebound at elevated levels, with potential for medium- to long-term upside.	**USD:** Weak consolidation trend **EUR, JPY:** Rangebound at elevated levels
Commodity	◆ Trump's tariff policy remains unresolved, and downside risks persist in 2H, including potential economic slowdown, inflation pressure, and widening fiscal deficits. With continued central bank and institutional gold purchases, gold retains upside potential and can be accumulated on dips.	**Gold**: Bullish

Product Spotlight | HK Equities

Exports Face Headwinds as Domestic Demand Takes the Lead

► Q2 Growth Beats but Export Pressures Mount

China reported 2Q GDP growth of 5.2% YoY, slightly above the 5.1% forecast, supported by resilient exports and targeted policy support for consumption and investment. However, with the U.S. expected to impose tariffs of up to 55% on Chinese goods later this year, export momentum may weaken, making it harder to rely on trade as the main growth driver in 2H.

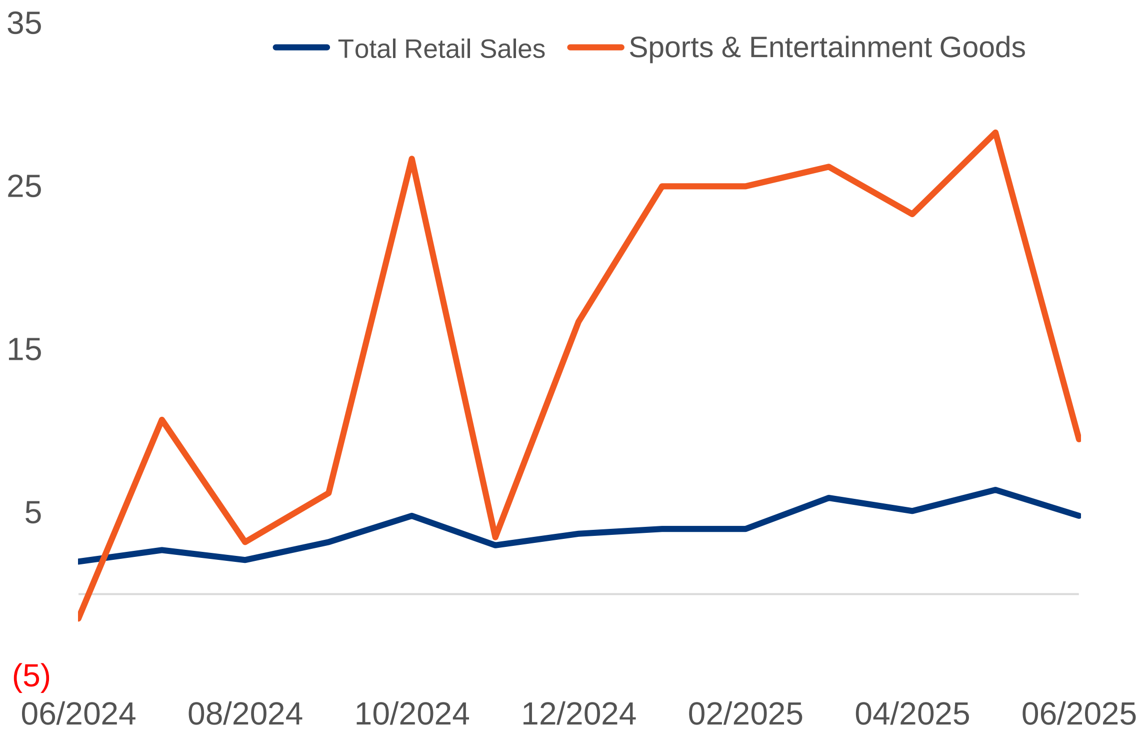
► Pivot to Domestic Expansion Becomes More Urgent

With external trade likely to face multiple headwinds in 2H—including tariff barriers and softening global demand—China's economic growth will increasingly depend on robust domestic consumption. Although June's domestic demand indicators showed signs of weakness, sportswear sales continued to outperform broader retail, signaling a shift in consumption structure. Targeted fiscal support and consumption vouchers are expected to gradually revive demand and provide a more stable growth base.

► National Games to Boost Sports Spending

China's upcoming National Games in November are expected to significantly boost sports-related consumption in the three months leading up to the event. This, alongside ongoing government support for the sports industry, should help offset export weakness, inject momentum into domestic demand, and enhance overall economic resilience.Q2

YoY Change in China's Total Retail Sales and Sportswear Segment Over the Past Year



ANTA(2020)

Closing Price HK $92.5	Target Price HK $108

The group is primarily engaged in the R&D, design, manufacturing, marketing, and sales of professional sportswear and equipment. Its brand portfolio includes Anta Core, FILA, and Descente. The group is also the largest shareholder of Amer Sports, Inc., which owns globally recognized brands such as Arc'teryx and Salomon.

Key Features

618 Strategy Focuses on Margin Over Volume

While peers engaged in deep discounting and saw high return rates during the 618 shopping festival, Anta took a conservative approach, prioritizing profitability over short-term volume. Sales across Anta's brands rebounded in the first two weeks of July versus June, but outlook visibility remains limited. Management is confident that the Anta brand will return to high-single-digit growth in 2H, supported by new flagship store rollouts and e-commerce optimization.

Anta's Jack Wolfskin Acquisition Targets Premium Outdoor Segment

Anta completed the acquisition of German outdoor brand Jack Wolfskin, consolidated from June. Positioned in the mid-to-high-end outdoor segment, Jack Wolfskin offers windproof jackets, hiking footwear, and camping gear—complementary to Anta's existing portfolio and aimed at expanding its premium market share. Newly appointed CEO Yao Jian, with a proven track record of localizing high-end brands like Arc'teryx and Salomon under Amer Sports, is expected to lead a successful turnaround. KGI Securities believes Anta could build Jack Wolfskin into another success story akin to Amer Sports or FILA.

Acquisition Enhances Group Valuation Upside

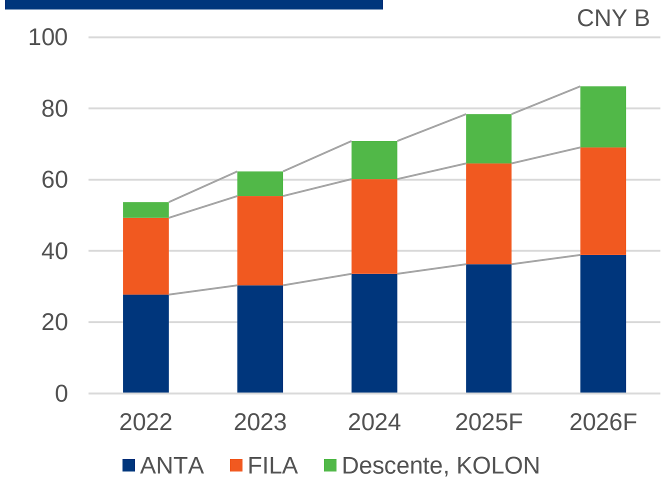
China's outdoor sports market is projected to reach RMB 520 billion by 2025, growing at 15% annually—outpacing other sports categories. While Anta management acknowledged that Jack Wolfskin is still undergoing restructuring and will remain loss-making in the near term, a successful turnaround could significantly boost group valuation. Anta acquired the brand at an estimated 3x P/E—well below Anta's current 16x—offering strong upside potential. Using a sum-of-the-parts valuation approach, KGI Securities sets a target price of HKD 108, implying a 19.2x forward P/E.

Financials

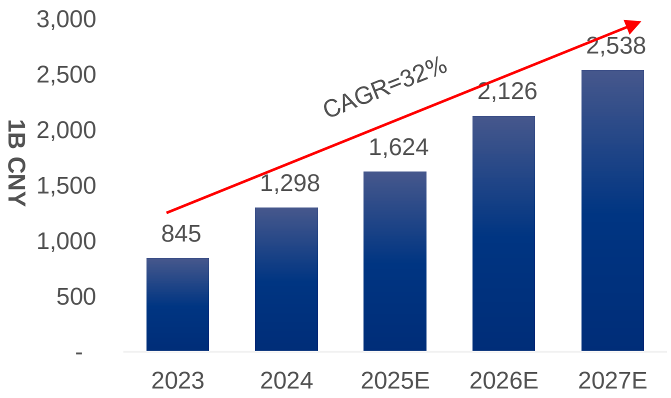
	2022	2023	2024	2025F	2026F
Revenue (1B CNY)	53.7	62.4	70.8	78.5	86.5
Revenue YoY	8.8	16.2	13.6	10.9	10.1
EPS (CNY)	2.8	3.6	4.4	4.8	5.4
EPS YoY	-2.1	30.9	21.9	9.6	12.7
ROA	24.0	23.8	27.6	20.2	20.2

Estimated P/B

Revenue Sources



AMER Sports China Market Revenue



Source: Bloomberg

TOPSPORTS INTERNATIONAL HOLDINGS LIMITED (6110)

Closing Price	HK $3.1	Target Price	HK $3.5

The company primarily engages in the retail of sports footwear and apparel, as well as leasing commercial space to third-party retailers for joint-operation sales.

Key Features

■ Weak China Sales of Global Sports Brands Weigh on Share Price

TOPSPORTS, a major distributor of leading sports brands, derives most of its sales from Nike and Adidas, while also carrying emerging labels like HOKA and The North Face. The company's share price has remained under pressure in recent years, largely reflecting a decline in Nike's China sales, inventory overhang, and aggressive retail discounting—all of which have eroded operational efficiency and profitability.

■ Signs of Stabilization Support Sales Outlook

So far in 2024, these headwinds have shown signs of easing. TOPSPORTS saw a sequential slowdown in discounting during 1Q, while inventory levels declined YoY—allowing greater flexibility to introduce new products and improve turnover. Looking ahead, core brand Nike has shown improving order momentum, supported by the launch of new functional apparel, outdoor collections, and running products. These developments point to a strengthening sales cycle and improved earnings visibility.

■ New Brand Additions Expand Growth Potential

In July, TOPSPORTS became the exclusive distributor of Canadian performance running brand Ciele Athletics, positioned in the mid-to-high-end segment. China's running apparel market is in a healthy expansion phase, with rising demand for technical gear. The segment is forecast to grow at a 10% CAGR over the next five years, offering incremental upside for TOPSPORTS while enhancing its brand portfolio and long-term investment appeal.

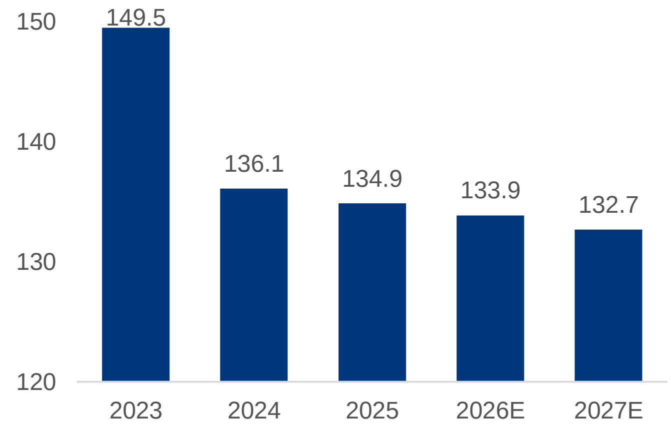
KGI Securities sets a target price of HKD 3.5, implying 12.7x P/E and ~11% earnings CAGR over the next three years.

Financials

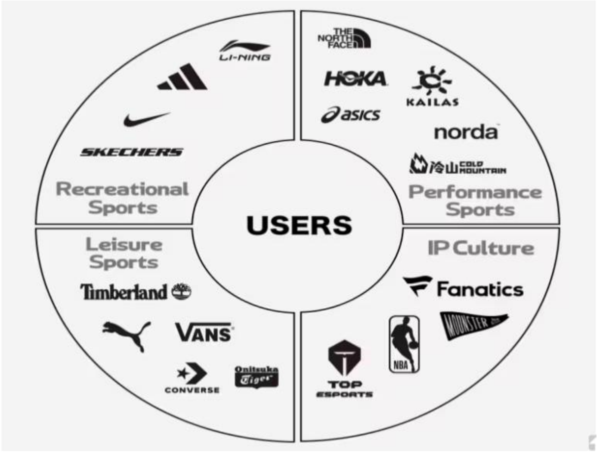
	2022	2023	2024	2025F	2026F
Revenue (1B CNY)	27.1	28.9	27.0	26.2	27.4
Revenue YoY	-15.1	6.9	-6.6	-2.9	4.3
EPS (CNY)	0.30	0.36	0.21	0.21	0.25
EPS YoY	-23.1	20.0	-41.7	0.0	19.0
ROA	18.0	22.5	13.6	14.5	16.9

Estimated P/B

Gross Profit Margin



Thermal Generation Revenue

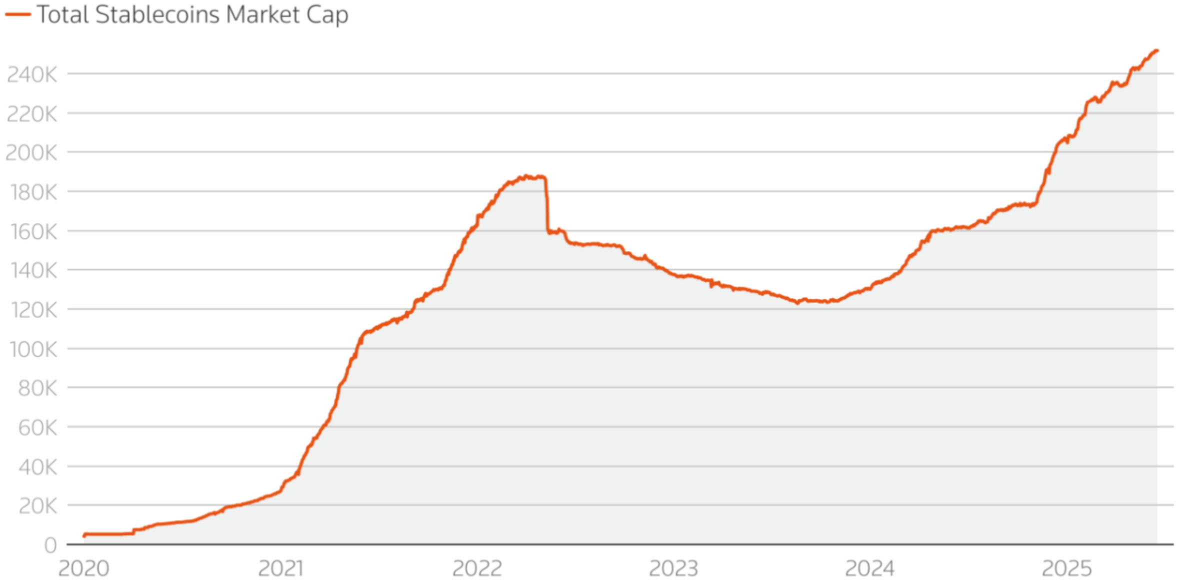


Source: Bloomberg

US Equities Crypto Bill Passage Ignites Capital Inflows

- U.S. CPI rose 0.3% MoM in June, above May's 0.1% and in line with expectations. Core CPI rose 0.2%, up from May's 0.1% but slightly below the 0.3% consensus.
- June PPI was flat MoM, missing the 0.2% forecast and cooling notably from the revised 0.3% in May. Core PPI also held flat, below both the revised 0.4% prior and the 0.2% market expectation.
- Retail sales climbed 0.6% in June, ending two consecutive months of declines and beating the 0.1% forecast, suggesting a rebound in consumer momentum. The preliminary University of Michigan Consumer Sentiment Index for July rose to 61.8, a five-month high and above both June's 60.7 and the 61.5 consensus.
- On July 17, the U.S. House passed three landmark crypto bills, establishing a federal framework for regulating stablecoins and digital assets—marking a key turning point for the industry. The high-profile GENIUS Act now awaits President Trump's signature, while the CLARITY Act and the Anti-CBDC Surveillance State Act head to the Senate.
- With JPMorgan, Amazon, and Walmart planning stablecoin initiatives—and rising momentum in asset and equity tokenization—the market is poised for rapid capital inflows and accelerated growth in crypto asset valuations.

Japan Market Fund Flows Over Past Year



Note: Amount in $ millions

By Patturaja Murugaboopathy • Source: CoinDesk

Show market capitalization of Stablecoins

Source: Bloomberg

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Circle Internet Group (CRCL)

Closing Price US $13.69	**Target Price** US $15

Circle Internet Group, Inc. offers fintech solutions, digital asset platforms, and Web3 infrastructure to enable businesses of all sizes to leverage digital currencies and public blockchains for payments, commerce, and financial applications—serving a global client base.

Key Features

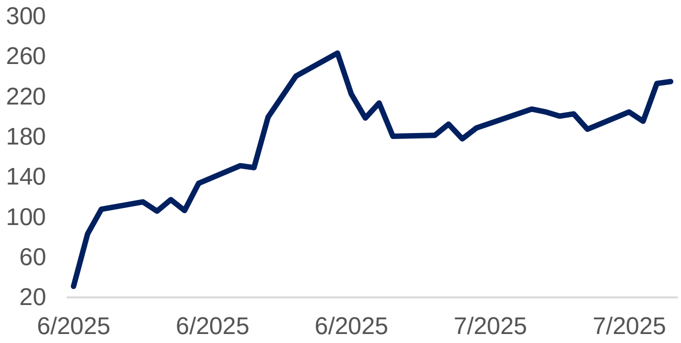
■ USDC Growth Central to Circle's Business Model
USDC, a USD-pegged stablecoin issued by Circle, maintains a 1:1 backing with dollar-denominated reserves held in cash and short-term U.S. Treasuries. Interest income from these reserves forms Circle's core revenue stream. Since its 2018 launch, USDC's market cap has grown from $230 million to nearly $65 billion, with projections reaching $100 billion by 2026.

■ Expanding Global Access and Liquidity
Circle's partnership with OKX provides seamless USDC-to-USD conversion for over 60 million users, while streamlining fiat on/off ramps through shared banking partners. The collaboration also includes educational initiatives to drive broader adoption of stablecoins. These efforts enhance USDC's real-world use and position Circle as critical infrastructure in the digital finance and Web3 ecosystem.

■ Well-Positioned Amid Breakthrough Stablecoin Legislation
As the issuer of USDC, Circle stands to benefit from the GENIUS Act—the first federal legislation in the U.S. to establish regulatory clarity for USD-pegged stablecoins. With bipartisan and presidential backing, the law paves the way for mainstream financial adoption. As the world's second-largest stablecoin issuer, Circle is well positioned to lead institutional integration and global USDC expansion.

■ Valuation Consensus
According to Bloomberg, the 12-month average target price for Circle is $195.86, with a high estimate of $305.30 and a low of $80.

Share Price Performance Since Listing

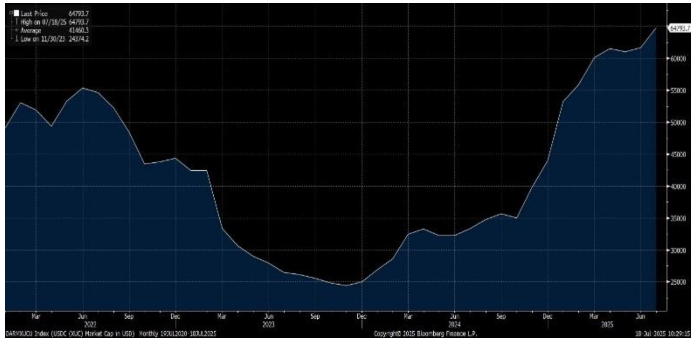


Financials

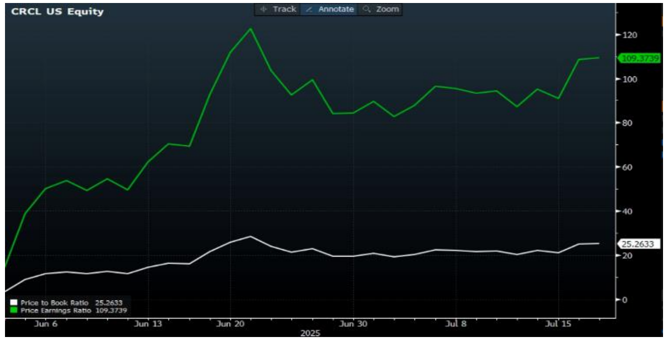
	2023	2024	2025	2026F	2027F
Revenue Growth(%)	NA	87.9	15.6	51.9	22.4
EBITDA(%)	2.5	19.6	13.3	19.0	19.8
EPS (USD)	-15.58	3.77	2.15	0.57	1.48
Net Profit Margin(%)	-94.1	17.5	9.4	2.1	11.2

Source: Bloomberg; 2025/26F are market estimates

USDC Market Cap



P/E & P/B



Source: Bloomberg, CoinDesk , Note: Circle Internet Group (CRCL US) was listed on the U.S. stock exchange on June 5, 2025

Robinhood Markets Inc. (HOOD)

Closing Price US $21.4 **Target Price** US $25

Robinhood Markets, Inc. operates a financial services platform offering brokerage and cash management products, including trading in stocks, ETFs, options, and cryptocurrencies. The company primarily serves retail clients in the United States.

Key Features

■ Clearer U.S. Regulation Boosts Crypto Outlook

Robinhood's expansion in digital assets stands to benefit from the passage of the U.S.'s first federal stablecoin regulation. Backed by bipartisan support and endorsed by President Trump, the legislation will foster development in the $265 billion stablecoin market and accelerate mainstream adoption. This aligns with Robinhood's strategy in tokenized equities, staking, and perpetual futures—positioning the company as a retail-focused bridge between traditional and digital finance.

■ Expanding Crypto and Tokenized Access for Retail Investors

Robinhood is extending its global fintech reach by launching tokenized U.S. stock trading in the EU, enabling extended trading hours and moving toward 24/7 stock access. Through blockchain partnerships, perpetual crypto futures, and low-cost staking, Robinhood blends DeFi features with mainstream accessibility. Strategic acquisitions like Bitstamp and WonderFi further strengthen its global crypto capabilities, cementing its position at the forefront of retail-driven digital finance.

■ F1 FY25 Earnings Beat Expectations

Revenue rose 50% YoY to $927 million, beating consensus by $98.4 million. GAAP EPS came in at $0.37, topping estimates by $0.04. Transaction-based revenue jumped 77% YoY to $583 million, driven by crypto trading, which contributed $252 million. Average revenue per user increased 39% YoY to $145.

■ Valuation Consensus

Bloomberg's 12-month average target price is $96.91, with a high of $125 and a low of $47.

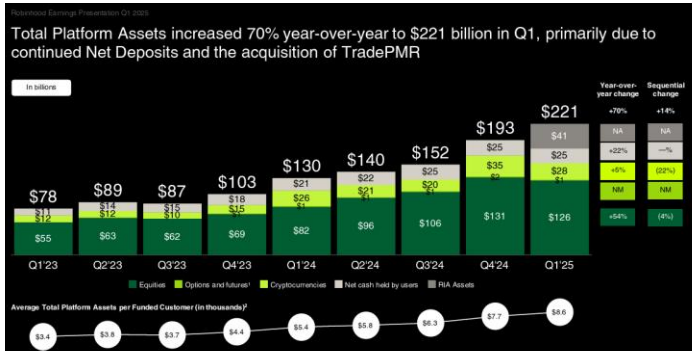
1-Year Price

Financials

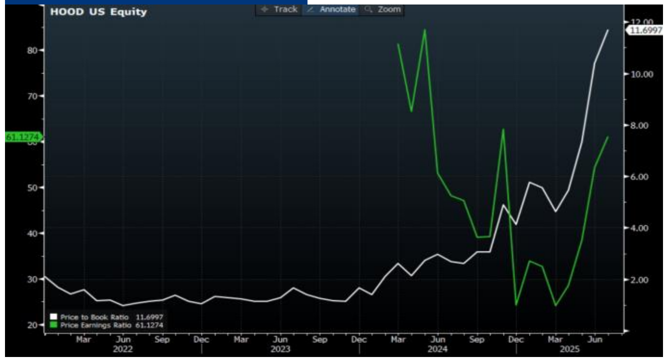
	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-25.2	37.3	58.2	28.9	17.8
Operating Ratio	-61.0	-22.9	34.4	40.5	44.5
EPS (USD)	-1.01	-0.51	1.53	1.34	1.65
Net Profit Margin(%)	-65.1	-24.4	46.8	32.8	34.4

Source: Bloomberg; 2025/26F are market estimates

Total assets of the company platform



P/E & P/B



Source: Bloomberg, Robinhood Markets Inc.

KGI

TW Equities — Taiwan Stocks Break Above 23,000 with Volume Surge, AI Plays Lead Rally on Nvidia Export News

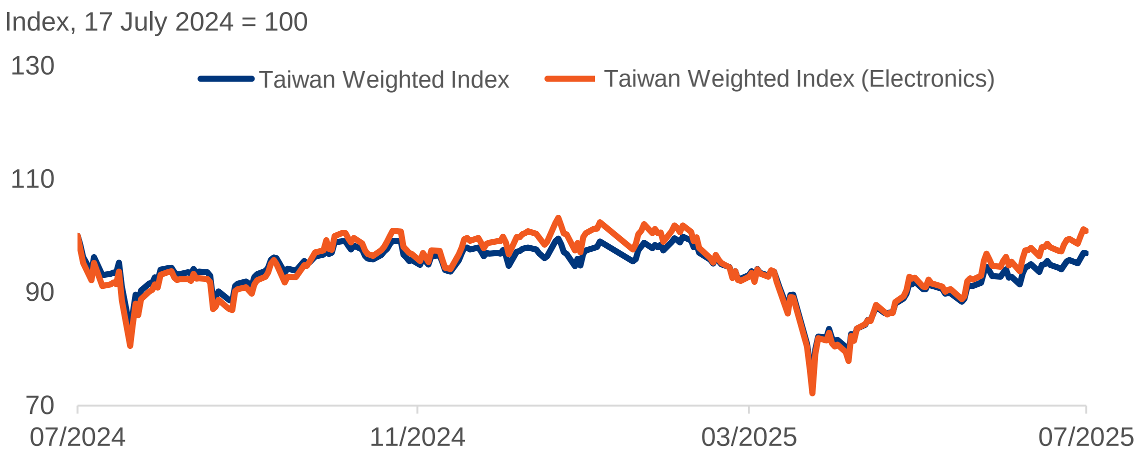
► Price-Volume Breakout Above Key Averages; Watch for Retaliatory Tariff Risk

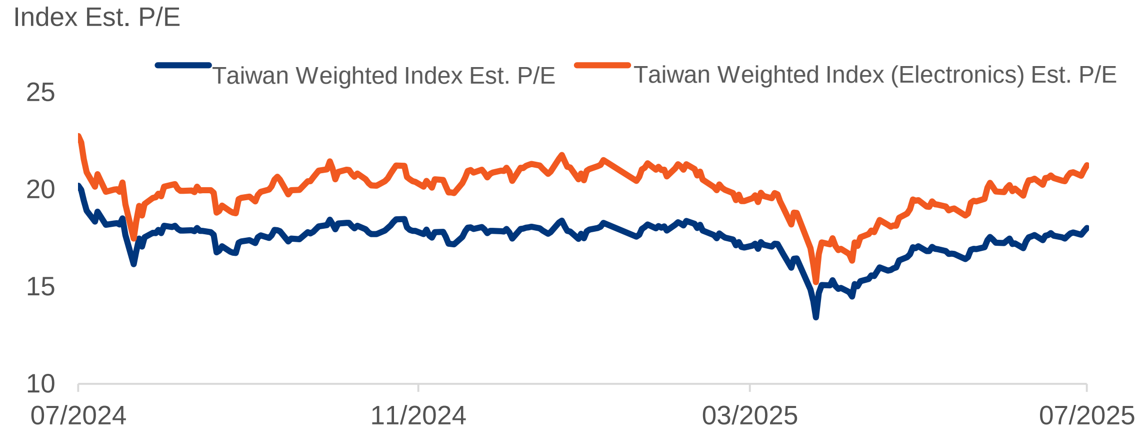
Last week, Taiwan stocks fully closed the March 3 downside gap and climbed above the 23,000 level, supported by rising volume and firm technicals above short-term moving averages. However, uncertainty remains over Taiwan's yet-to-be-announced reciprocal tariffs, which could trigger selling pressure. Whether the index holds above 23,000 will depend on its ability to absorb near-term volatility. Key support lies at 22,888—the lower edge of the bullish gap—holding that level could set the stage for further upside.

► Nvidia's H20 Clearance to China Boosts AI Stocks; Index Gains Broad-Based

AI-related stocks rallied after Nvidia confirmed H20 chip shipments to China would resume. Within sectors, glass fiber cloth names gained on booming AI server and high-speed switch demand, pushing up high-end product pricing. IC substrate stocks rose as ASIC orders and 800G switch deployment lifted ABF substrate demand, with potential shortages projected by 2026. Gallium arsenide names benefited from inventory restocking and seasonal strength.With the index reaching 23,000, sector rotation has accelerated. Some high-flyers have begun to pull back. Investors are advised not to chase short-term spikes and instead focus on stocks with solid 2H earnings growth and prices holding above short-term moving averages.

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





Source: Bloomberg

Largan Precision Co., Ltd (3008 TT)

Established in 1987, is a leading optical and optoelectronic component manufacturer based in Taiwan. It designs, manufactures, and sells optical lenses and components used primarily in digital cameras, scanners, imaging devices, and LCD projectors.

Key Features

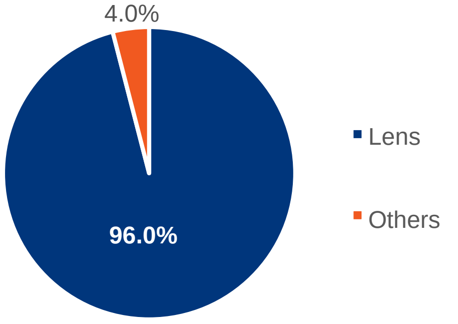
- **3Q25 Seasonal Demand Picks Up; July–August Orders**

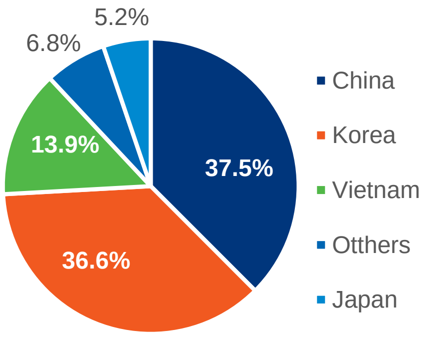
Order momentum is building in 3Q25 as clients ramp up for new product launches. Pull-in demand is expected to increase MoM in July and strengthen further in August. The rise in shipments for new models should support margin expansion. While Largan was the sole supplier for certain models in 2024, competitors are catching up in 2025. However, Largan is still expected to remain a major supplier despite not holding exclusivity.

- **Lens Specification Upgrades Remain Key Focus**

Management noted that lenses for foldable and ultra-slim smartphones require thinner designs, increasing manufacturing complexity. In 2026, variable aperture upgrades will be applied only to main lenses on flagship models, which further raises design and production challenges. KGI Securities maintains its view that Largan will proceed with capacity expansion in 2H25 and begin small-scale shipments of robotics-related products.

Revenue Sources and Regions





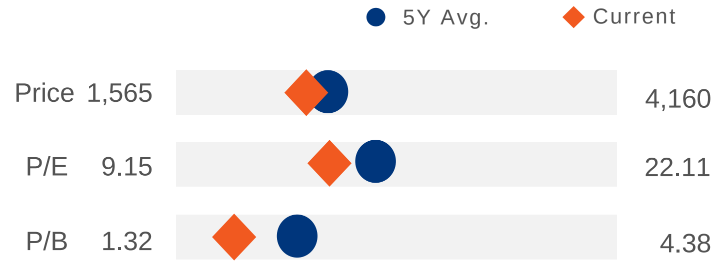
Source: Bloomberg

Financials

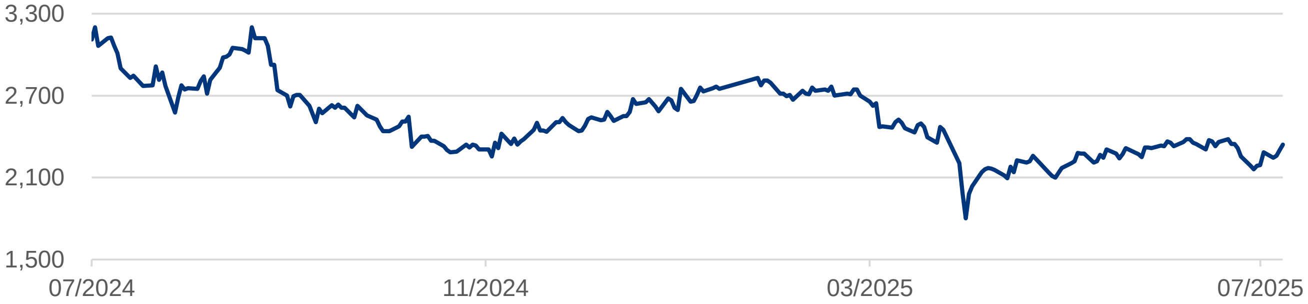
	2022	2023	2024	2025F	2026F
EPS (NTD)	169.5	134.1	194.1	149.3	178.2
EPS Growth (%)	21.7	-20.9	44.8	-23.1	19.3
P/E Ratio	12.9	16.3	11.3	14..7	12.3
ROE (%)	15.2	11.2	14.8	10.5	11.6

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 17 July 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	6.85	-1.68	8.08	-14.29	-12.52	-23.65

KGI

ACES Electronics Co., Ltd. (3605 TT)

Taiwan-based manufacturer specializing in the R&D and production of electronic connectors. Headquartered in Taoyuan, it operates manufacturing sites in Dongguan, Kunshan, and Chongqing, China. The company offers a comprehensive product portfolio covering connectors used in consumer electronics such as notebooks, smartphones, and digital cameras. Its vertically integrated capabilities span injection molding, stamping, and final assembly.

Key Features

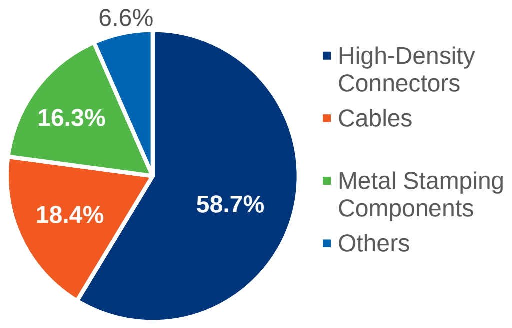
- **Server Growth Offsets FX Headwinds; 2Q25 Gross Margin to Improve**

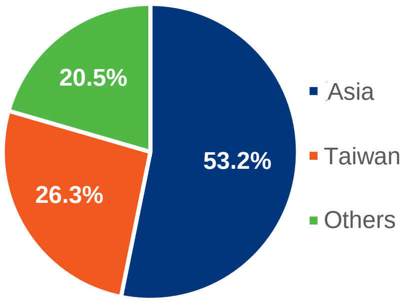
Although TWD appreciation negatively impacted Foxlink's 2Q25 gross margin by around 2%, the effect was largely offset by volume expansion in high-margin MCIO server products. Monthly output surpassed 1 million units, driving cloud product revenue up 13% QoQ to NT$670 million and improving the overall product mix. As a result, gross margin is expected to remain above 25.4%.

- **Improved Product Mix to Lift 3Q25 EPS**

With server shipments set to increase sequentially in 2H25, the company forecasts cloud-related revenue to grow 25% over 1H25, while notebook and industrial segments are expected to rise 8% and 10%, respectively. Overall 2H25 revenue is projected to grow 10% over 1H25. Gross margin is expected to improve to 26–27%, as a stronger product mix offsets FX pressure—broadly in line with KGI Securities' projections.

Revenue Sources and Regions





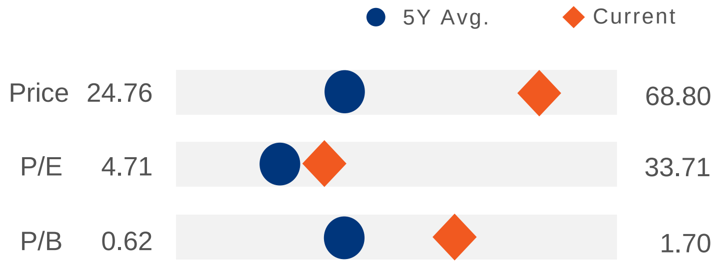
Source: Bloomberg

Financials

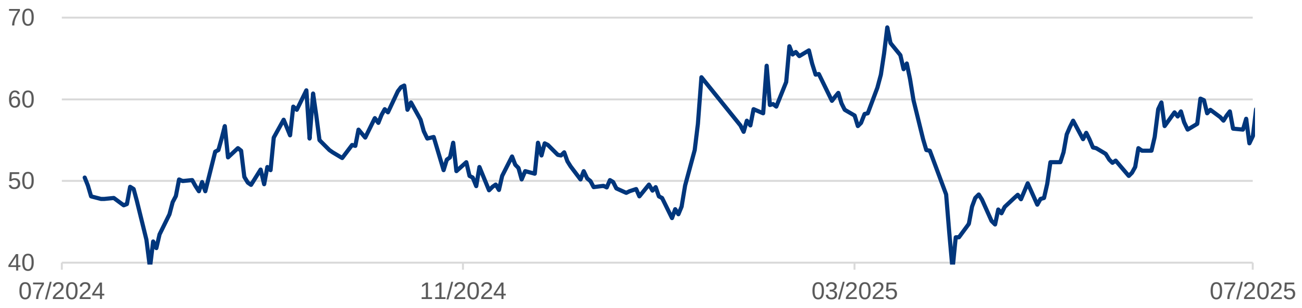
	2022	2023	2024	2025F	2026F
EPS (NTD)	1.68	-1.98	2.51	4.40	5.02
EPS Growth (%)	-59.7	-218.3	0.0	75.1	14.2
P/E Ratio	35.1	N.A.	23.4	13.4	11.7
ROE (%)	4.0	-4.9	5.9	9.8	10.4

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 17 July 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	10.45	5.87	26.78	23.96	25.74	21.63

Mutual Funds/ ETFs

Tariffs Add Real Cost Pressure as Trump's U.S. Manufacturing Push Gains Clarity

► iShares U.S. Manufacturing ETF(MADE US)

- Focuses on U.S.-based manufacturing firms, tracking the performance of the S&P U.S. Manufacturing Select Index.
- The index reflects equities of U.S.-registered companies engaged in manufacturing or related sectors with substantial domestic revenue.
- Concentrated in large-cap manufacturing players, offering cost efficiency.
- Holdings span industries such as consumer discretionary, technology, auto manufacturers, and defense contractors.
- Diversified across approximately 109 stocks, with the top 10 accounting for 37% of the portfolio.
- Suitable for long-term investors bullish on U.S. manufacturing growth.

► Tema Reshoring Active ETF (RSHO)

- Aims for long-term growth by investing in companies benefiting from the U.S. reshoring trend.
- Focus sectors include industrials, transportation, infrastructure, materials, and semiconductors.
- Positioned to benefit from the U.S. government's manufacturing revival efforts and supply chain re-localization.
- Holds 27 stocks with the top 10 making up around 50% of the portfolio.

Product	iShares U.S. Manufacturing ETF(MADE US)		Tema American Reshoring ETF (RSHO US)	
Features	■ Focused on the U.S. manufacturing renaissance theme ■ Diversified holdings: top 10 positions account for ~37%, with no single holding exceeding 5%		■ Actively managed with flexibility to adapt to market shifts ■ Concentrated portfolio: holds ~27 stocks, top 10 positions account for nearly 50% of assets	
AUM	USD 22.08 Million		USD 155.73 Million	
Tracking Index	S&P U.S. Manufacturing Select Index		Dow Jones U.S. Industrials Total Return Index	
Exchanges	NYSE		NYSE	
Holdings	109		27	
Expense Ratio	0.4%		0.99%	
3M/YTD Return	25.26% / 10.68%		23.78% / 8.55%	
Top 5 Sectors (%)	Capital Goods Technology Hardware & Equipment Automobiles & Components Semiconductors & Semiconductor Equipment Commercial, Professional Services & Others	71.84 14.41 9.19 2.91 1.65	Industrials Non-Energy Materials Healthcare Business Services Technology	64.98 22.16 4.39 3.27 2.54
Top 5 Holdings (%)	Eaton Corp Amphenol Honeywell International General Motors Paccar Inc	4.26 4.13 4.01 3.99 3.88	Rockwell Automation Cognex Corporation Applied Industrial Technologies Timken Company Snap-on Incorporated	6.28 5.28 5.21 5.19 4.98

Source: Bloomberg, 16 July 2025

iShares U.S. Manufacturing ETF(MADE US)

Profile

This ETF tracks the S&P U.S. Manufacturing Select Index, aiming to replicate the performance of its constituent stocks and deliver returns aligned with the index.

■ Focused on U.S. Manufacturing Reshoring Theme

The index targets U.S.-registered companies engaged in manufacturing and related industries that generate a meaningful portion of revenue domestically. Sectors include consumer cyclicals, technology, automakers, and defense contractors.

■ Diversified Holdings

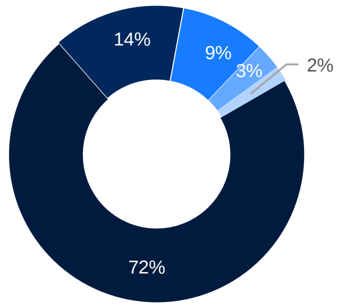
The portfolio consists of approximately 109 U.S. manufacturing-related stocks, with the top 10 holdings accounting for about 37% of the total, and no single holding exceeding 5%.

■ Policy Tailwinds

Trade tensions and geopolitical risks are prompting companies to shift operations back to the U.S. This ETF benefits from government-backed reshoring and infrastructure initiatives and is well-positioned for investors bullish on the long-term prospects of U.S. manufacturing.

Inception Date	2024/7/17	**AUM**	USD 22.08 Million
ETF Category	Equities	**Holdings**	109
Expense Ratio	0.4%	**3Y Stand. Dev. (Ann.)**	-

Sectors

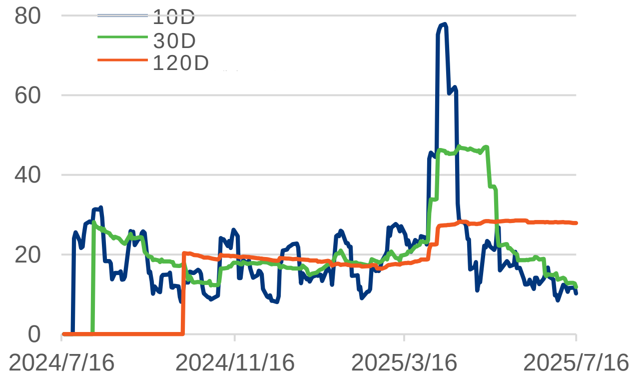


Top-5 Holdings (%)

Eaton Corp	4.26
Amphenol	4.13
Honeywell International	4.01
General Motors	3.99
Paccar Inc	3.88

1-Year Performance

1-Year Volatility



As of 16 July 2025	1M	3M	YTD	1Y	3Y	5Y
Return (%)	6.47	25.26	10.68	13.24	-	-

Source: Bloomberg, 16 July 2025

Tema American Reshoring ETF (RSHO US)

Profile

This actively managed ETF seeks long-term growth by investing in companies benefiting from U.S. manufacturing reshoring.

■ Focused on U.S. Reshoring, Benefiting from Policy Tailwinds

The ETF targets firms poised to gain from U.S. manufacturing reshoring, supply chain realignment, and shifting geopolitics—leveraging government-driven de-Sinicization and reshoring policies.

■ Actively Managed

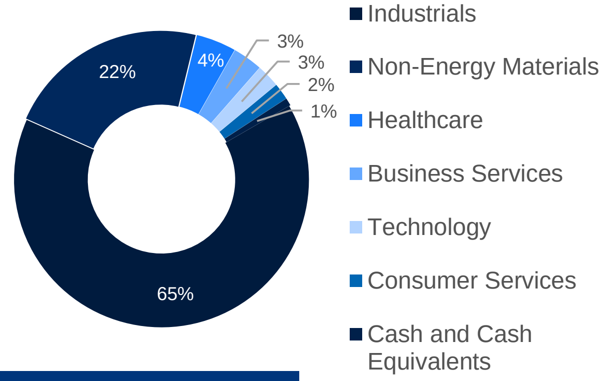
Actively managed for agility, the ETF adjusts its portfolio in response to market and policy shifts. It invests in companies positioned to benefit from U.S. manufacturing reshoring, spanning industrials, transport, infrastructure, materials, and semiconductors.

■ High-Concentration Strategy

The portfolio holds around 27 stocks, with the top 10 accounting for nearly 50% of total holdings.

Inception Date	2023/5/10	**AUM**	USD 155.73 M
ETF Category	Equities	**Holdings**	27
Expense Ratio	0.99%	**3Y Stand. Dev. (Ann.)**	-

Sectors

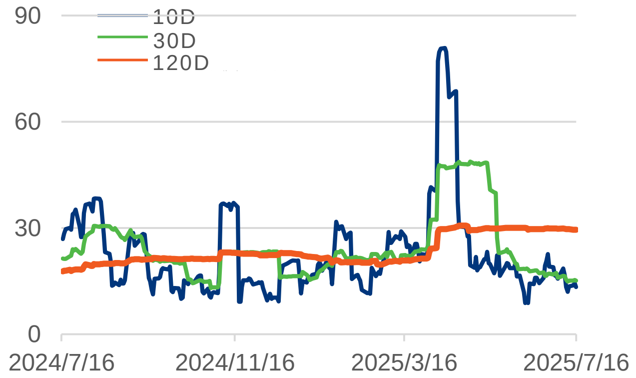


Top-5 Holdings (%)

Rockwell Automation	6.28
Corning	5.28
Applied Industrial Technologies	5.21
Hubbell	5.19
Quanta Services	4.98

1-Year Performance

1-Year Volatility



As of 16 July 2025	**1M**	**3M**	**YTD**	**1Y**	**3Y**	**5Y**
Return (%)	7.60	23.78	8.55	11.72	-	-

Source: Bloomberg, 16 July 2025

Bonds JPM Beats 2Q25 Estimates; Capital Remains Strong—Bond Allocation Worth Considering

► JPM 5.766% 04/22/35 (USD)

- JPMorgan Chase (JPM), one of the world's largest financial institutions by market cap, outperformed market expectations in 2Q25. The beat was driven by strong markets revenue and reduced credit loss provisions. Despite NIM compression, net interest income held steady thanks to a larger balance sheet and day-count effects.
- As of 2Q25, JPM maintained a CET1 ratio of 15%, among the highest of U.S. G-SIBs, underscoring its resilience through economic and rate cycle downturns.
- S&P upgraded the parent company's rating from A- to A with a stable outlook in November last year and reaffirmed it in June. Moody's also revised its outlook from stable to positive in November.

Product	JPM 5.766% 04/22/35 (JPMorgan Chase Bank) (USD-denominated)
ISIN	US46647PEH55
Features	JPMorgan Chase (JPM), one of the world's largest financial institutions. Its strong profitability and solid balance sheet are expected to support resilience during economic and rate downturns.
Maturity Date	April 22, 2035
Next Call Date	April 22, 2034
Coupon (%)	Floating/5.766%/Semi-annual
Currency	USD
Years to Maturity	9.77
Credit Rating (Moody's/Fitch/ S&P)	A1/AA-/A
Seniority	Senior unsecured
YTM/YTC (%)	5.26/5.20

Source: Bloomberg

JPMorgan (JPM 5.766 04/22/35)

Profile

JPMorgan Chase Bank provides global financial and consumer banking services, with operations covering investment banking, government and other securities services, asset management, private banking, credit card services, commercial banking, and mortgage lending. Its client base includes corporates, institutions, and individuals.

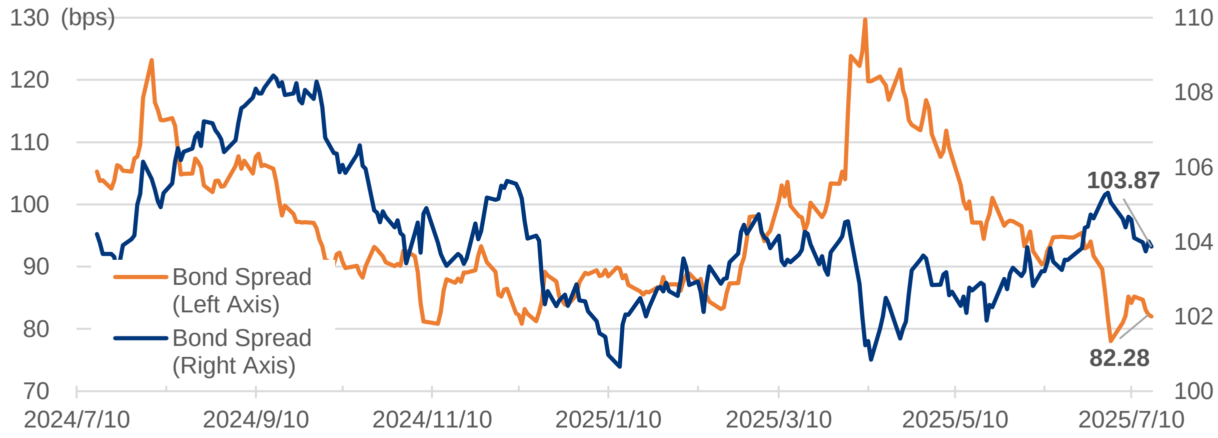
- JPMorgan Chase, one of the world's largest financial institutions by market cap, continued to outperform in 2Q25. Results were driven by strong markets revenue and lower credit loss provisions. Net interest income remained stable despite NIM compression, supported by a larger balance sheet and day-count effects.
- As of 2Q25, JPM held a 15% CET1 ratio—among the highest of U.S. G-SIBs. With strong profitability and a solid balance sheet, the firm is expected to remain resilient during economic and rate downturns. S&P upgraded the parent company's rating from A- to A with a stable outlook in November last year and reaffirmed it in June. Moody's also revised its outlook from stable to positive in November.

Financials	2022	2023	2024
Net Interest Income (US$ bn)	75.77	79.95	85.65
Common Equity Tier 1 (CET1)	2.54	2.68	2.72
Return on Asset(%)	9.45	12.78	6.33

Overview

Name	JPM 5.766 04/22/35	**ISIN**	US46647PEH55
Maturity Date	2029/11/8	**Remaining Maturity**	9.77
Coupon(%)	Fixed/3.25/Semi-annual	**YTM/YTC(%)**	5.26/5.20
Currency	USD	**Min. Subscription/ Increment**	2,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa2/BBB/BBB	**Seniority**	Senior Unsecured

Price



Source: Bloomberg, July 17, 2025, Note: The interest reset date is set for April 22, 2034, with quarterly interest payments. The applicable annual interest rate is based on the U.S. Secured Overnight Financing Rate (SOFR). The reset rate will be the bond yield on the settlement date plus 1.49%.

Appendix

Key Economic Data / Events

JUNE 2025

14 Monday
- Japan May Core Orders MoM (Act:-0.6% Est.:-1.5% Prev:-9.1%)
- Japan May IP Final MoM (Act:-0.1% Prev:-1.1%)
- China Jun Exports YoY (Act:5.8% Est.:5.0% Prev:4.8%)

15 Tuesday
- US Jun Core CPI YoY (Act:2.9% Est.:2.9% Prev:2.8%)
- US Jun CPI YoY (Act:2.7% Est.:2.6% Prev:2.4%)
- US Jun CPI MoM (Act:0.3% Est.:0.3% Prev:0.1%)
- China 2Q GDP YoY (Act:5.2% Est.:5.1% Prev:5.4%)
- China Jun IP YoY (Act:6.8% Est.:5.6% Prev:5.8%)

16 Wednesday
- US Jun PPI YoY (Act:2.3% Est.:2.5% Prev:2.7%)
- US Jun IP MoM (Act:0.3% Est.:0.1% Prev:0.0%)

17 Thursday
- US Weekly Jobless Claims (Act:221k Est.:233k Prev:228k)
- US Jun Retail Sales MoM (Act:0.6% Est.:0.1% Prev:-0.9%)
- Eurozone Jun Final CPI YoY (Act:2.0% Est.:2.0% Prev:1.9%)
- Japan Jun Exports YoY (Act:-0.5% Est.:0.5%Prev:-1.7%)
- HK Jun Jobless Rate (Act:3.5% Est.:3.6% Prev:3.5%)

18 Friday
- US Jul Prelim. UoM Sentiment (Est.:61.5 Prev:60.7)
- US Jun Housing Starts (Est.:1,300k Prev:1,256k)
- US Jun Building Permits (Est.:1,387k Prev:1,394k)
- Japan Jun CPI YoY (Act:3.3% Est.:3.3% Prev:3.5%)

21 Monday
- Earnings: VZ

22 Tuesday
- Taiwan Jun Export Orders YoY (Prev:18.5%)
- Taiwan Jun Jobless Rate (Prev:3.34%)
- Earnings: KO, DHR, PM, GE

23 Wednesday

24 Thursday
- US Weekly Jobless Claims (Prev:221k)
- US Jul Prelim. S&P Mfg PMI (Prev:52.9)
- Eurozone Jul ECB Refi Rate (Prev:2.15%)
- Eurozone Jul HCOB Mfg PMI (Prev:49.5)
- Japan Jul Jibun Mfg PMI (Prev:50.1)
- Earnings: IBM, BX, NEE, UNP

25 Friday
- US Jun Durable Goods Orders (Est.:-10.0% Prev:16.4%)
- Japan Jul Tokyo CPI YoY (Est.:3.0% Prev:3.1%)
- Earnings: RTX, BBV

Source: Bloomberg

KGI

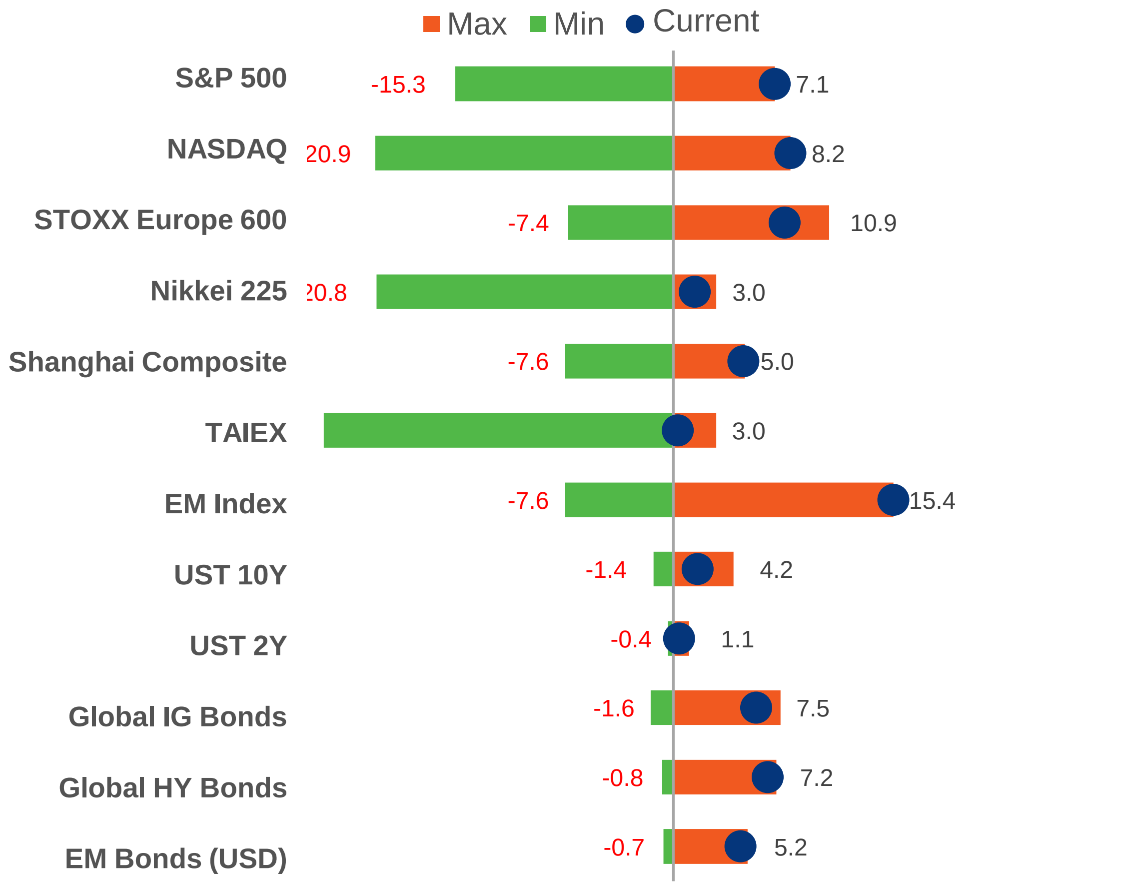
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2025/7/15	JPMorgan Chase & Co. (JPM)	43.86B	44.91B	4.48	4.96	V	V
2025/7/15	Wells Fargo & Co. (WFC)	20.76B	20.82B	1.4	1.6	V	V
2025/7/15	BlackRock, Inc. (BLK)	5.41B	5.42B	10.6	12.05	V	V
2025/7/15	Citigroup Inc. (C)	20.94B	21.67B	1.61	1.96	V	V
2025/7/16	The Progressive Corporation (PGR)	20.48B	20.08B	4.36	5.4		V
2025/7/16	Bank of America Corp. (BAC)	26.75B	26.5B	0.86	0.89		V
2025/7/16	Johnson & Johnson (JNJ)	22.86B	23.74B	2.68	2.77	V	V
2025/7/16	The Goldman Sachs Group, Inc. (GS)	13.51B	14.58B	9.59	10.91	V	V
2025/7/16	Morgan Stanley (MS)	16.01B	16.8B	1.98	2.13	V	V
2025/7/17	PepsiCo, Inc. (PEP)	22.25B	22.73B	2.03	2.12	V	V
2025/7/17	Marsh & McLennan Companies, Inc. (MMC)	6.94B	6.97B	2.67	2.72	V	V
2025/7/17	Abbott Laboratories (ABT)	11.07B	11.42B	1.25	1.26	V	V

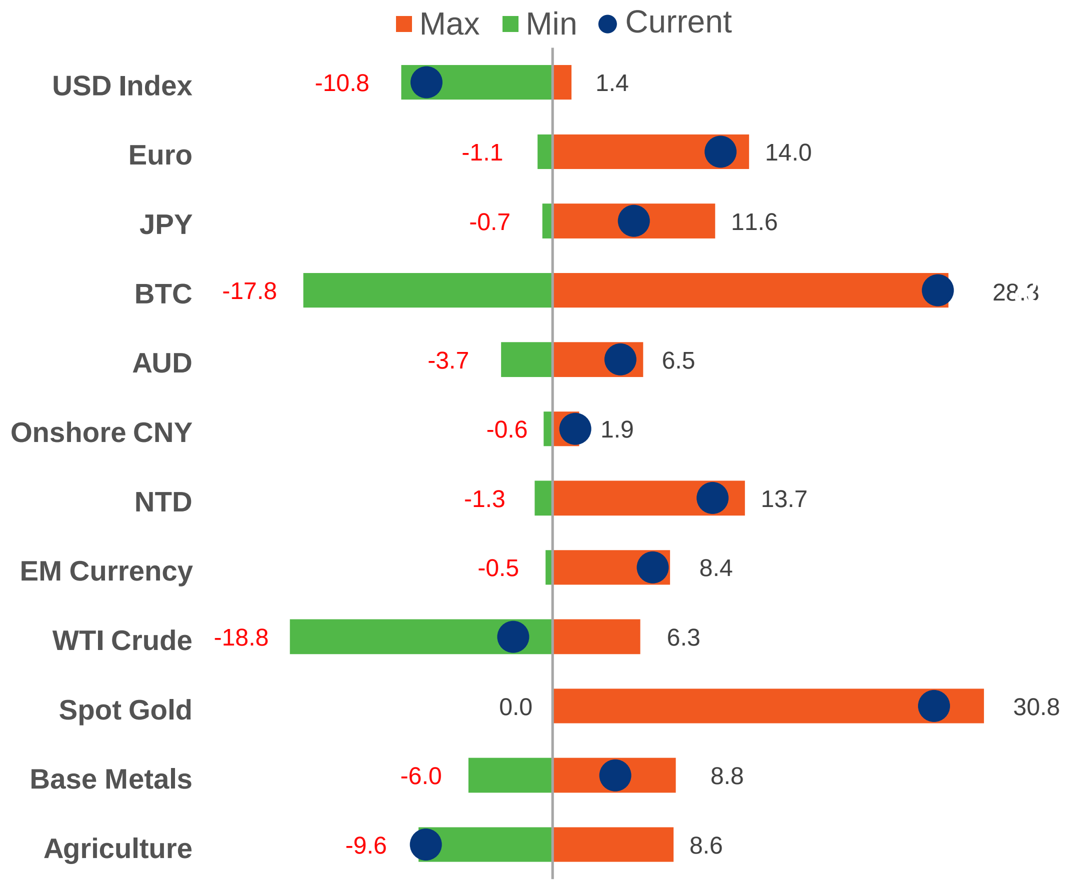
Source: Investing.com

YTD Major Market / Asset Performance

Stock and Bond Market YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg, 18 July 2025

Technical Analysis

60D MA

S&P 500 Index

NASDAQ Index

STOXX Europe 600 Index

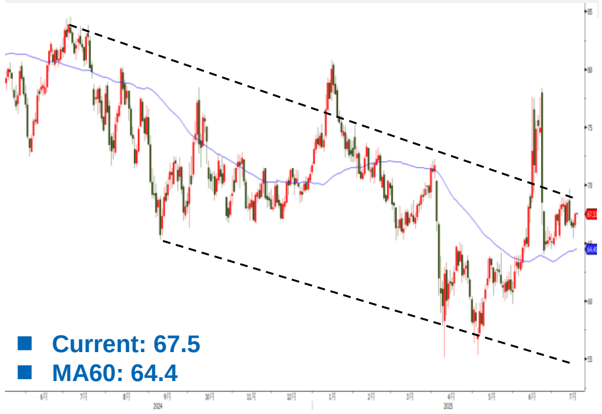
Nikkei 225 Index

Shanghai Composite Index

MSCI Emerging Markets Index

Gold

WTI Crude

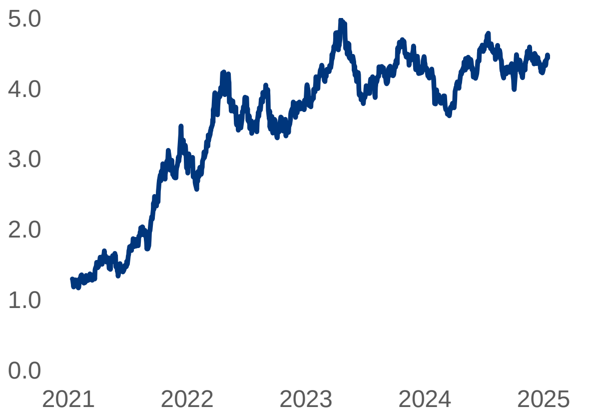


Source: Bloomberg, 18 July.2025

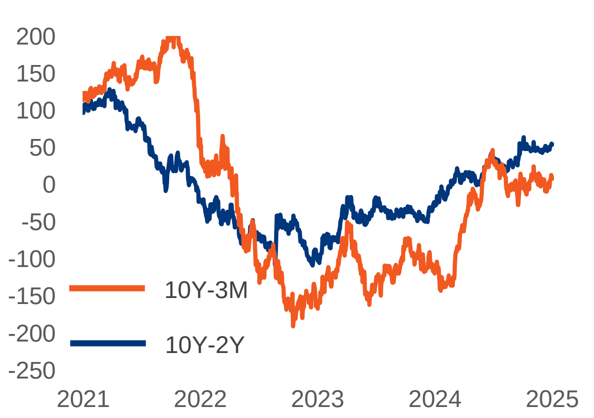
Market Monitor

U.S. CPI YoY (%)

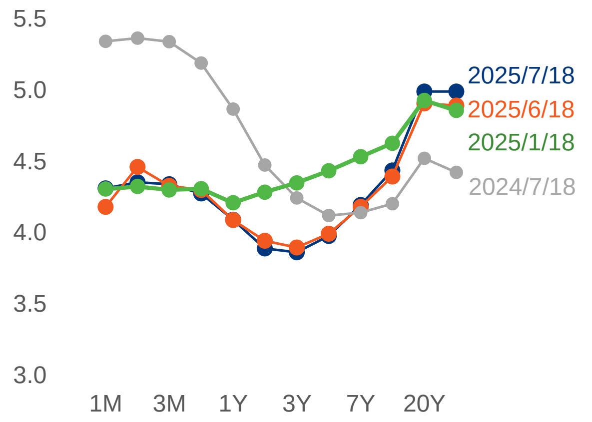
U.S. 10-Year Treasury Yield (%)



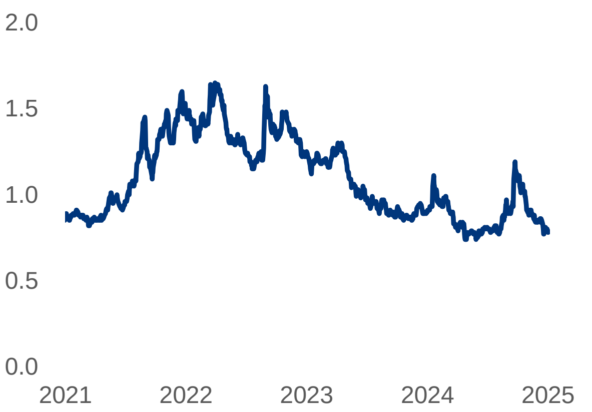
U.S. Treasury Yield Spread (bps)



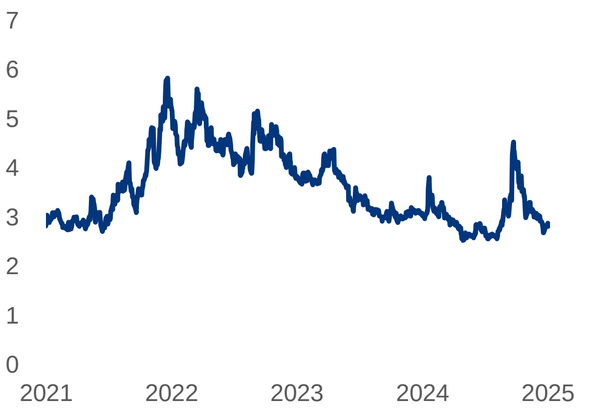
U.S. Treasury Yield Curve (%)



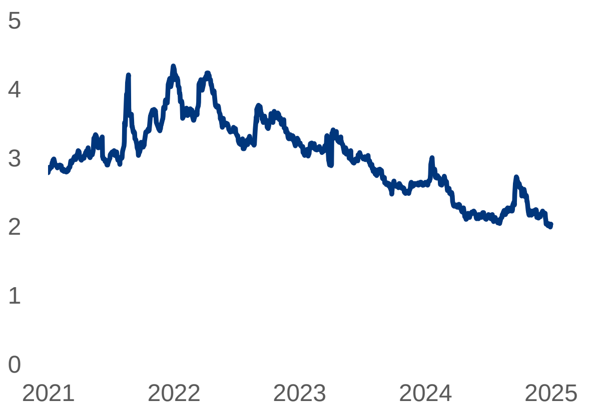
USD IG Credit Spread (%)



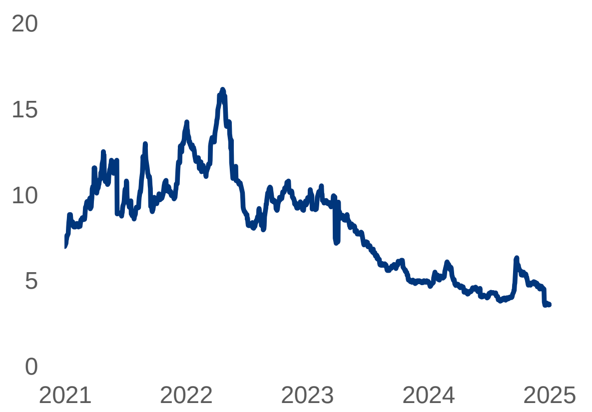
USD HY Credit Spread (%)



USD EM Credit Spread (%)



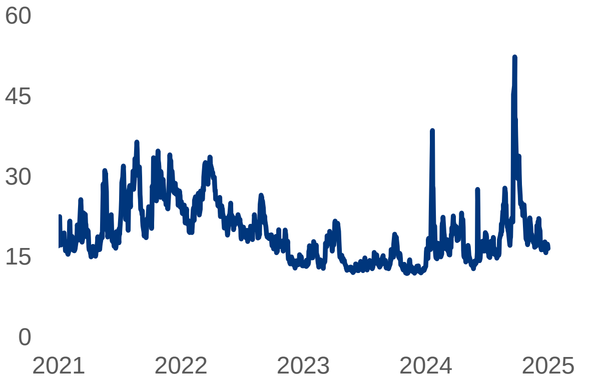
USD Asia Credit Spread (%)



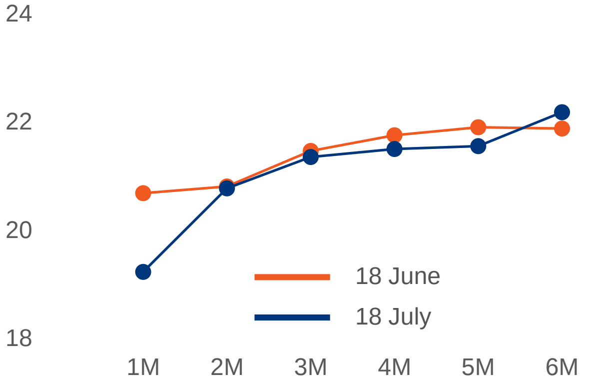
Source: Bloomberg, 18 July 2025

Market Monitor

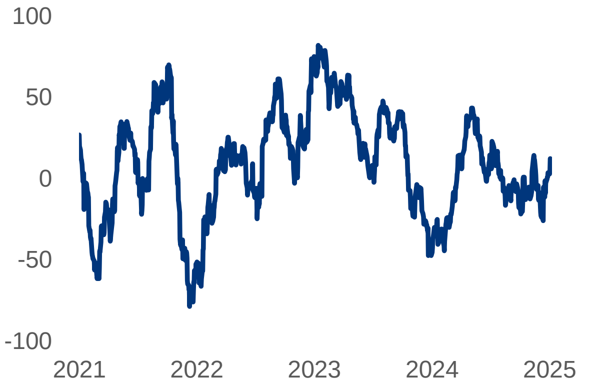
VIX Index



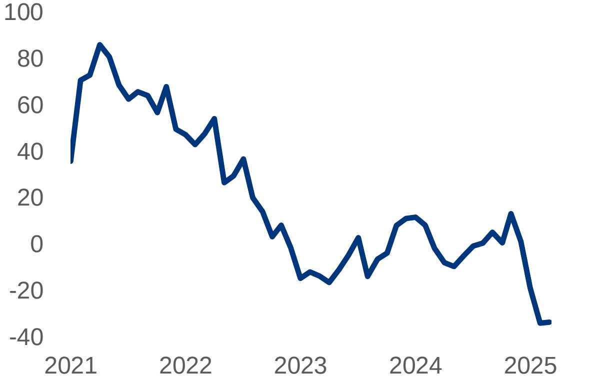
VIX Term Structure



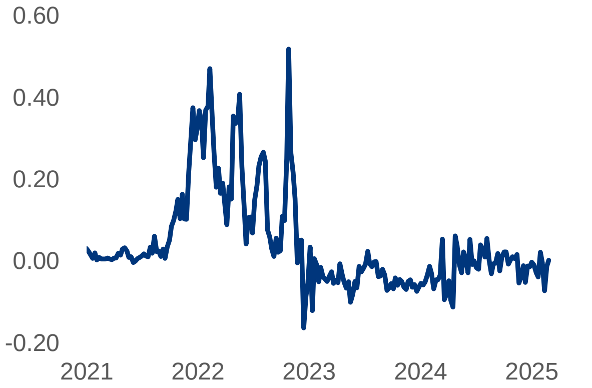
U.S. Citi Economic Surprise Index*



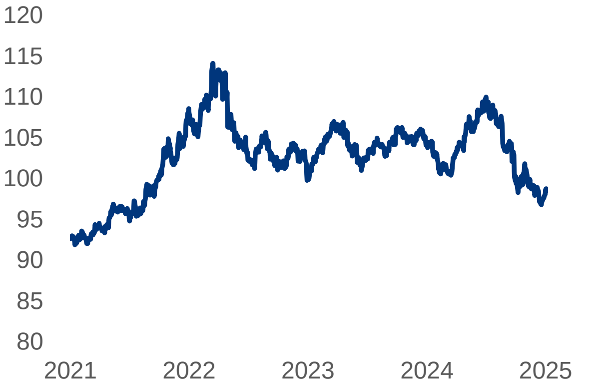
U.S. Citi Inflation Surprise Index*



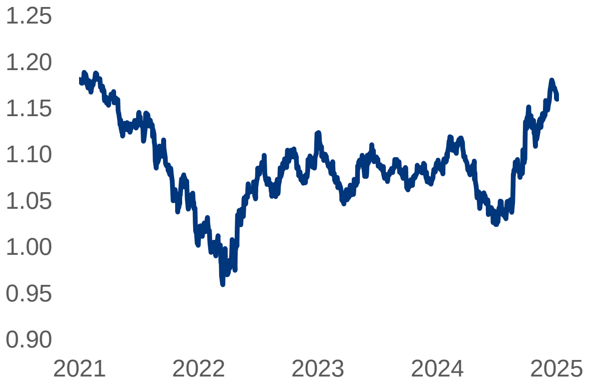
TED Spread (bps)



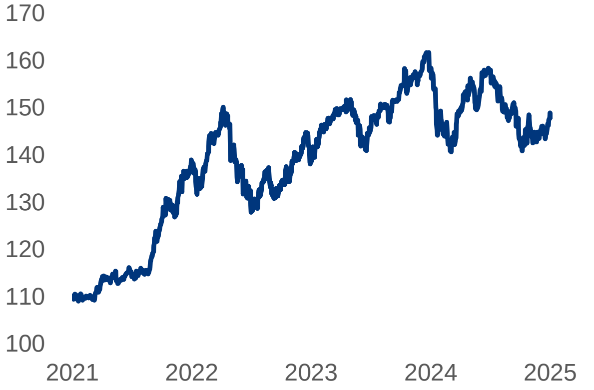
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg, 18 July 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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