



CIO Office

Global Markets Weekly Kickstart

# Telecom Earnings Worth Watching

28 July 2025



## 01 Chart of the Week

Leading Indicators Fall, Recession Risk Lingers



## 02 Market Recap

Earnings Season Kicks Off with Optimism, Lifting Stocks and Bonds



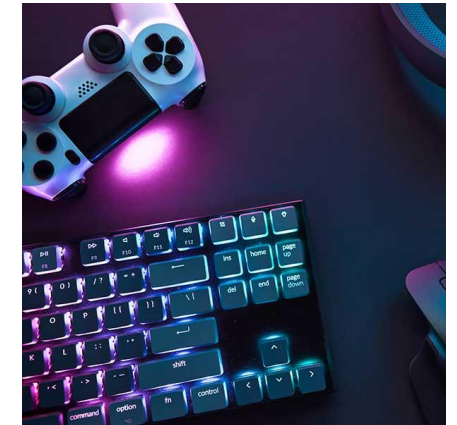
## 03 What's Trending

Asia Reaches Deals with U.S., U.S.-China Optimism Sends Hang Seng to 3-Year High



## 04 In Focus

Upbeat Earnings Outlook for Communication Services, Driven by Ads and Gaming



## 05 Product Spotlight

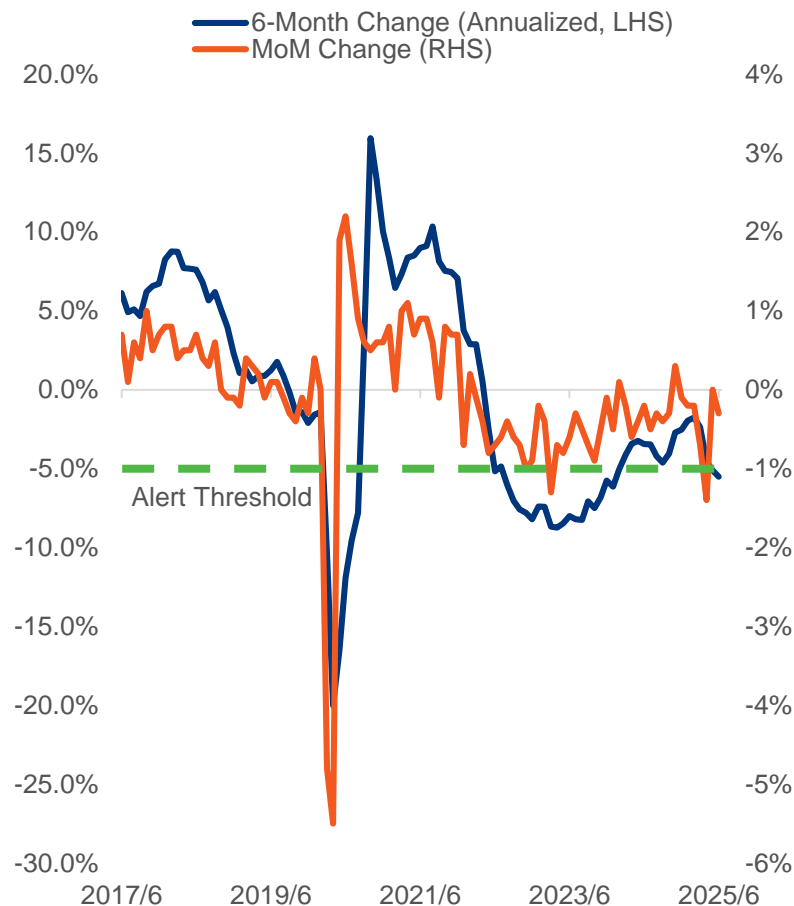
Selection of HK, U.S., Taiwan Equities, Bonds and Funds/ETFs

# Leading Indicators Extend Decline, Raising U.S. Slowdown Risk

- U.S. leading indicators fell 0.3% MoM in June, marking the seventh decline in eight months since Dec 2024 (with May's final reading revised up from -0.1% to 0%). The 6-month annualized change for Jan–Jun 2025 fell 5.5%, breaching the Conference Board's -5% recession warning level and marking the steepest drop since early 2024. Officials noted that while rising equity prices provided some support, they were outweighed by weak data in consumer expectations, new manufacturing orders, and a third consecutive rise in initial jobless claims.
- Other economic signals reflect similar softness: the rate of job losses now exceeds job gains, labor force participation is trending lower, more regions are seeing home price declines, and mortgage-related financial stress is on the rise. While the Conference Board does not expect a full recession, it forecasts slower growth ahead, driven by reduced consumer spending amid rising prices. It also expects tariffs to exert more pressure in 2H25. Inflation and consumption trends will be key for shaping the Fed's policy path.

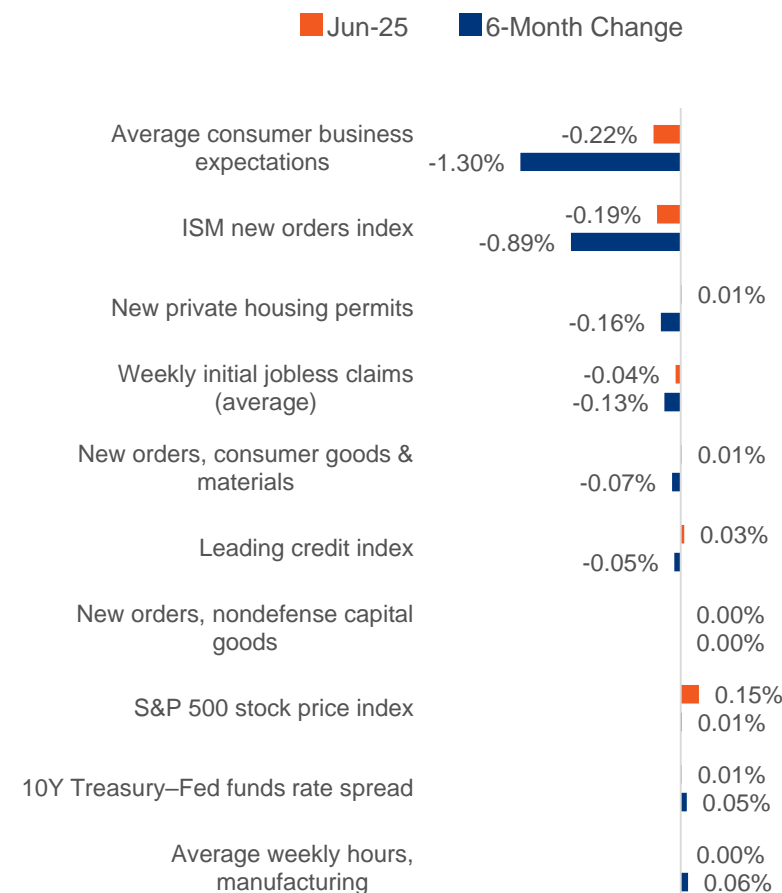
## 6-Month Annualized Growth Drops Below -5% Warning Threshold

U.S. Leading Index: Trend and YoY Growth Rate Changes



## Consumer Expectations and ISM New Orders Signal Potential Weakness

U.S. Leading Index Components and 6-Month Contribution



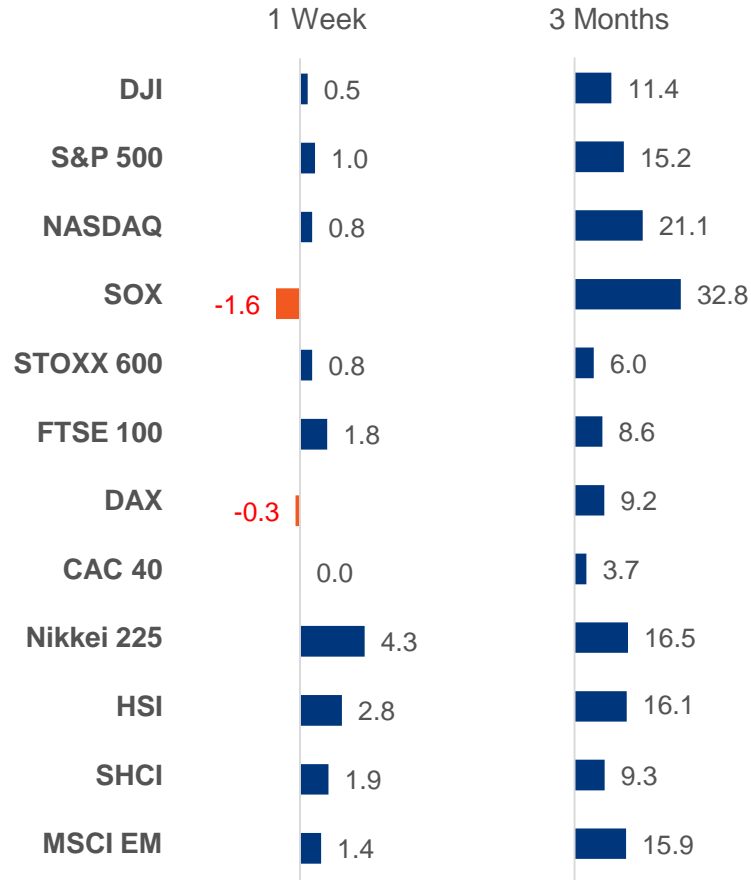
Source: Bloomberg, The Conference Board

## Market Recap

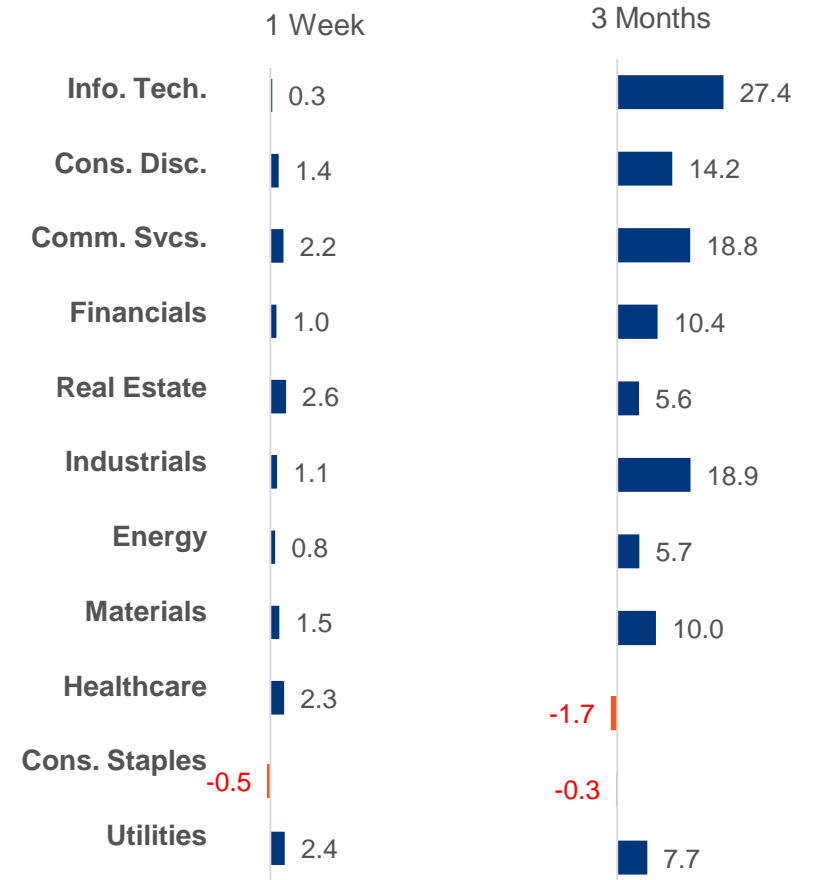
# Earnings Boost Pushes U.S. Stocks to New Highs; Asia Gains, Semis Retreat on Profit-Taking

- ▶ The S&P 500 and Nasdaq both hit new intraday and closing highs on Thursday, driven by strong corporate earnings and AI optimism. Asian markets outperformed, buoyed by tariff agreements between the U.S. and countries like Japan, the Philippines, and Indonesia, as well as easing China-U.S. tensions following China's lift of its rare earth export ban and the U.S. resumption of advanced chip exports to China. In contrast, European equities underperformed due to ongoing geopolitical tensions with Russia.
- ▶ By sector, semiconductors lost steam this week after last week's gains triggered by U.S. export approval for Nvidia chips to China, dragging the Philadelphia Semiconductor Index lower and weighing on tech. Alphabet beat earnings expectations, posting strong ad and cloud performance, and sharply raised its 2024 capex guidance to \$85 billion, fueling a rally in communication services. Most other sectors saw broad-based gains. Market attention remains on 2Q earnings and 3Q guidance, which will be key to further equity re-rating.

## Regional Index Performance (%)



## U.S. Sector Performance (%)

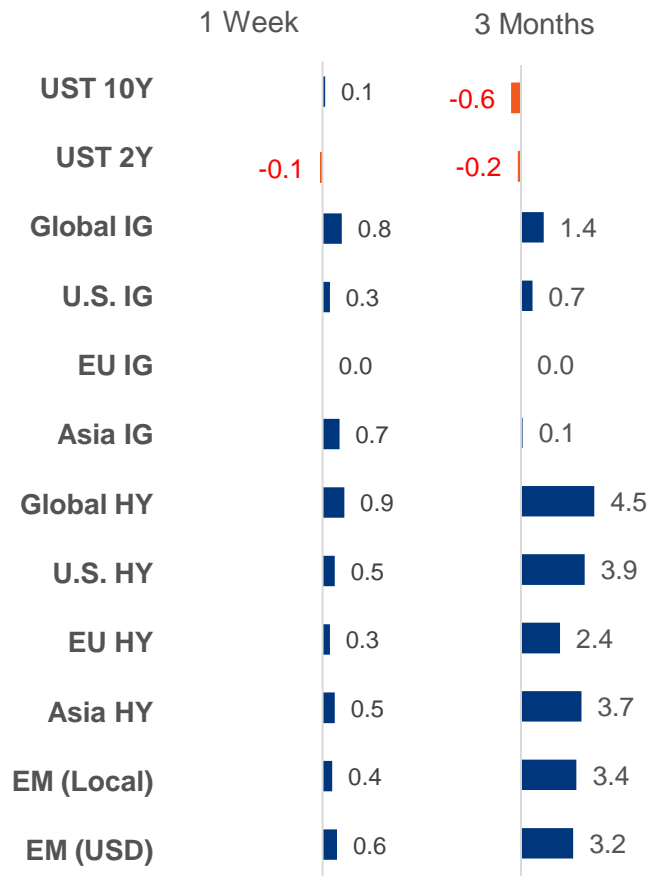


Source: Bloomberg, 25 July 2025

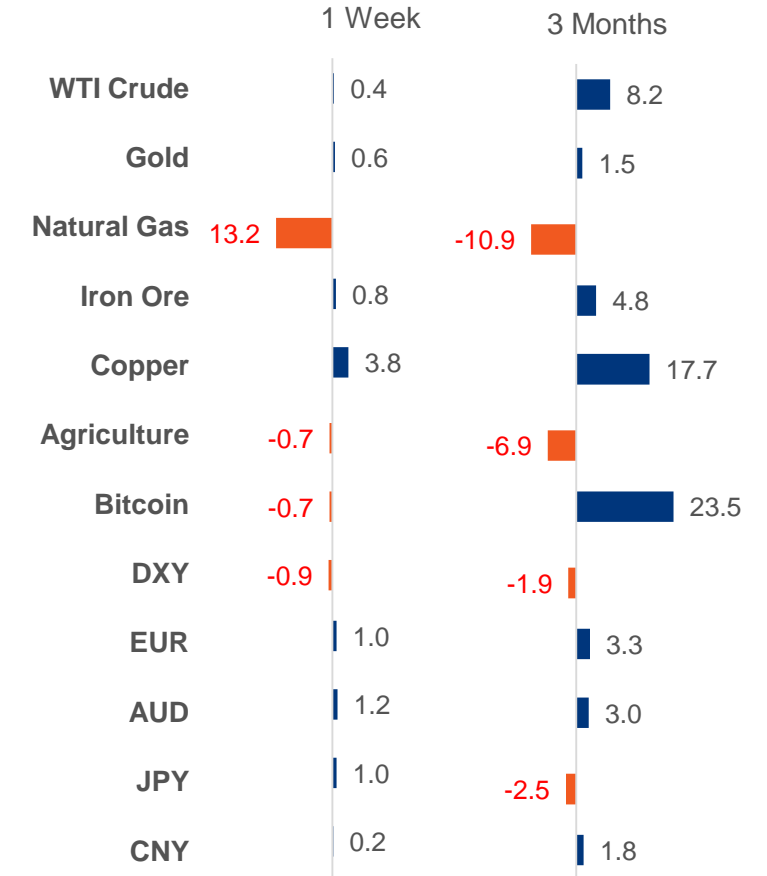
# IG Leads in Bonds; Dollar Softens, Copper Extends Gains, Gold and Bitcoin Fluctuate Near Highs

- U.S. Treasuries were broadly flat, with yields hovering around 4.4% amid mixed economic data. University of Michigan consumer sentiment beat expectations and inflation expectations eased, while credit conditions showed slight improvement. However, housing data revealed a second consecutive quarterly decline in residential investment. Strong corporate earnings and progress on global tariff negotiations supported both investment-grade and high-yield credit across the U.S., Europe, and Asia, keeping bond market sentiment upbeat. Still, investors should monitor corporate fundamentals and the potential cost impact of new tariffs.
- Stronger-than-expected industrial output and GDP from China lifted base metal prices, with copper extending gains amid optimism for a potential U.S.-China tariff deal. As tariffs may delay disinflation, the Fed is now expected to push rate cuts beyond September. The dollar weakened, while major non-USD currencies like the euro and yen strengthened. Currency allocation into developed markets outside the U.S. may help mitigate FX risks. With tariff uncertainty fading, haven assets like gold and Bitcoin remain rangebound near highs.

## Bond Market Performance (%)



## Commodities & Currencies Performance (%)



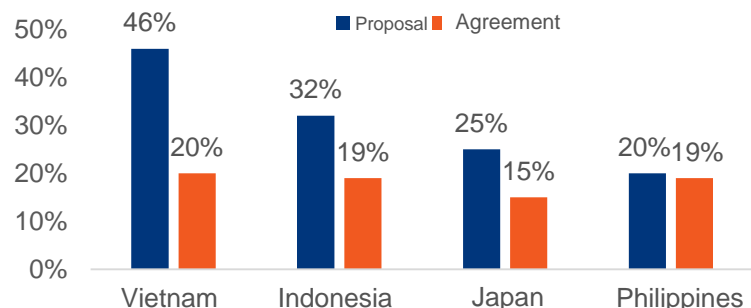


# U.S.-Asia Tariff Deals and China Optimism Drive Hang Seng to 3-Year High

- ▶ Japan, the Philippines, and Indonesia have each reached tariff agreements with the U.S., with Japan seeing tariffs reduced from 25% to 15% on general exports and autos. These "reciprocal" and lower-than-expected tariffs lifted Japanese equities as uncertainty faded. Tariffs for Indonesia and previously announced terms for Vietnam also came in below the "Liberation Day" proposals, supporting overall Asian market sentiment.
- ▶ While a U.S.-China deal is still pending, Bessent is scheduled to negotiate with Beijing this week. Talks are expected to broaden and extend the current truce. Previous consensus on rare earths and advanced chip exports has already bolstered optimism, with markets now pricing in a potential deal, sending the Hang Seng Index to a near 3-year high.
- ▶ Beyond trade, the resilience of China and Hong Kong equities continues to attract global capital. Hong Kong's IPO market led global fundraising in 1H25, with HK\$106.7 billion raised, HK\$41 billion of which came from CATL alone. Strong investor focus on EVs and batteries remains, though sustained gains will depend on corporate fundamentals.

## Tariff Rates Lower Than Initial Proposals

Tariff Rates of Asian Countries with Finalized Agreements



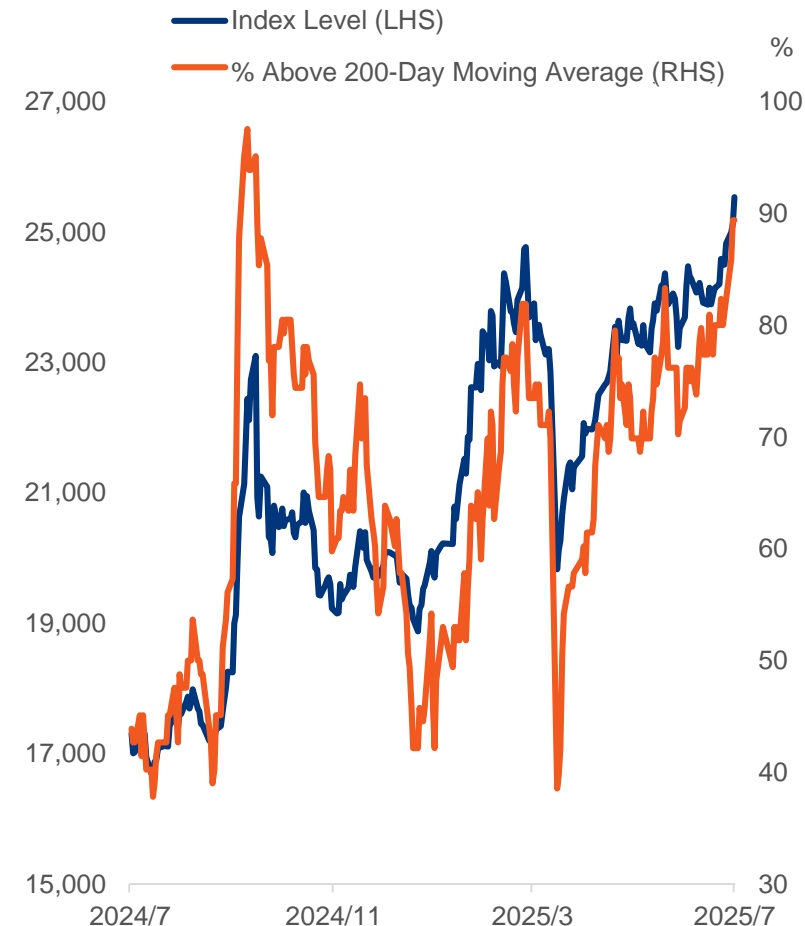
Transhipped goods from Indonesia and Vietnam are subject to an effective tariff rate of 40%.

## Regional Tariff Deals Support Equity Rally



## Hang Seng Hits 3-Year High; Nearly 90% of Constituents Above 200-Day MA

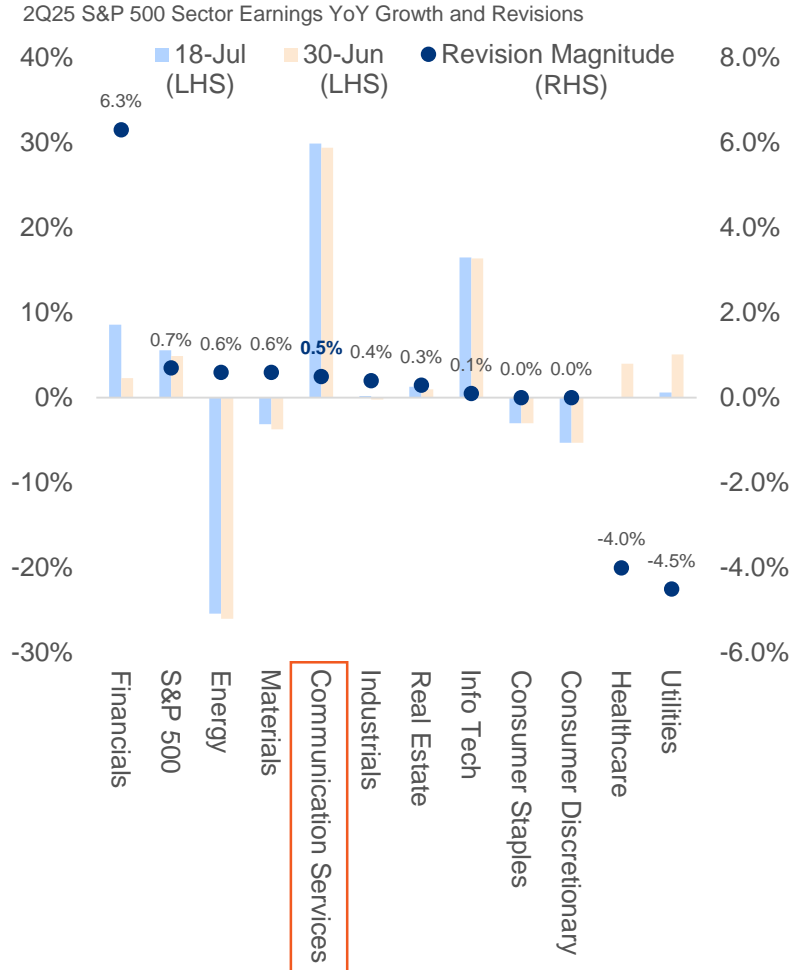
Hang Seng Index



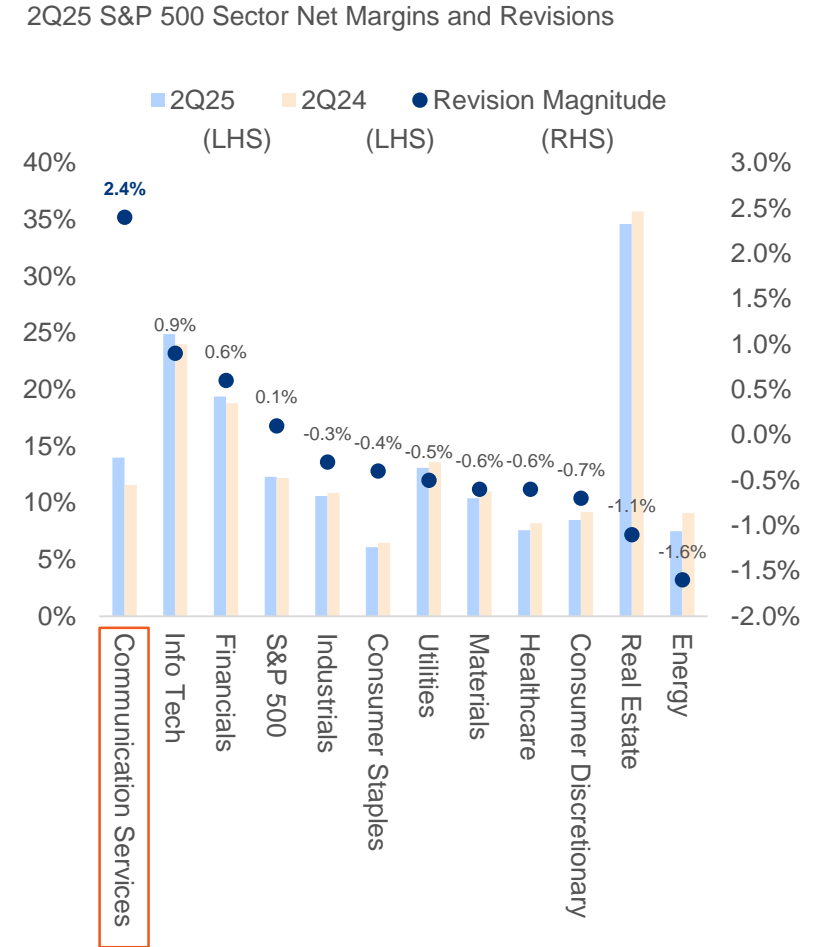
# Strong Earnings Make Communication Services a Standout Amid Sector Rotation

- S&P 500 communication services sector is projected to post 29.9% YoY EPS growth in 2Q25—the highest among all sectors. Since end-1Q25, earnings estimates have been revised up by 0.5% (as of July 18), ranking just behind financials, energy, and materials. Financials benefited from a low 2024 base, while energy and materials saw milder-than-expected declines. Communication services is thus a major contributor to S&P 500 earnings growth.
- Within the sector, entertainment and interactive media & services—driven by gaming and ad-related revenues—are the key outperformers. Overall S&P 500 net margin is estimated at 12.3% in 2Q25, roughly flat YoY but down 0.5 ppt from 1Q25, as tariff-driven cost pressures weigh on companies. Communication services, however, saw a 2.4 ppt YoY margin expansion—the strongest across all sectors—indicating strong pricing power and effective inflation pass-through. These positive fundamentals should continue to support short-term outperformance.

## Top EPS Growth Forecast with Notable Upward Revisions



## Best Margin Expansion Across Sectors

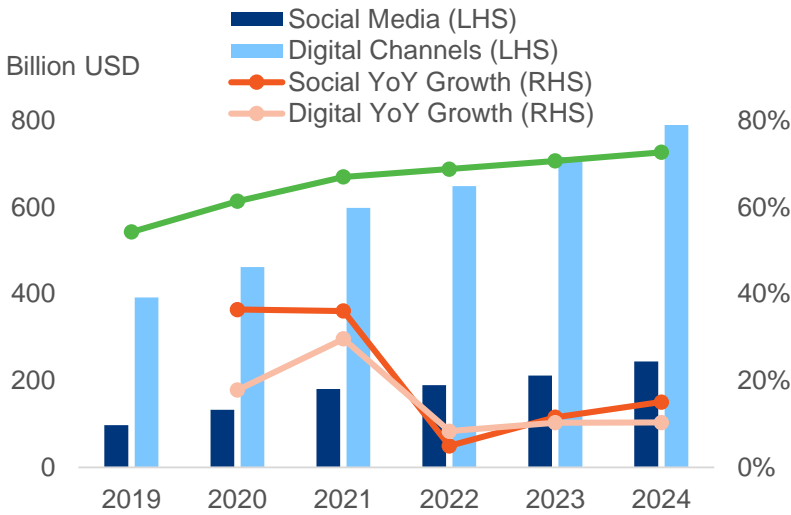


# Social Media Ads, Gaming Consoles, and Cloud Gaming Inject Fresh Momentum into Communication Sector

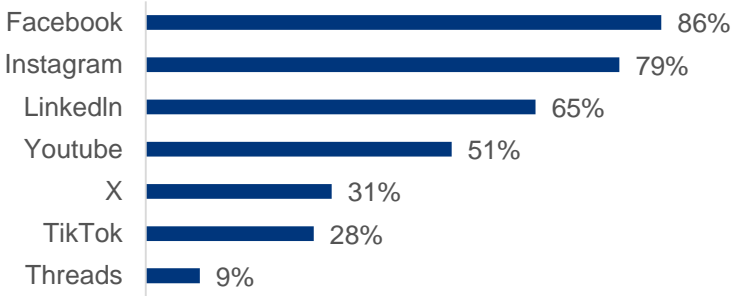
- Companies across sectors are increasingly shifting budgets toward digital channels, with digital ads surpassing 70% of total ad spending since 2023. Social media commands a growing share, steadily overtaking traditional and other digital formats, supported by over 5.2 billion global users. Platforms like Instagram, TikTok, and Facebook have become primary battlegrounds for advertisers, offering targeted campaigns, in-platform sales, and robust analytics to optimize performance and audience reach.
- The gaming industry is also seeing renewed momentum driven by next-gen consoles and fast-growing cloud gaming services. While market size estimates vary, consensus points to double-digit CAGR ahead. With 5G and AI accelerating adoption, mobile is expected to lead development, followed by console and PC platforms—bringing new growth catalysts to the broader communication services sector.

## Social Platforms Become Core Ad Channels

Global Advertising Revenue and YoY Growth

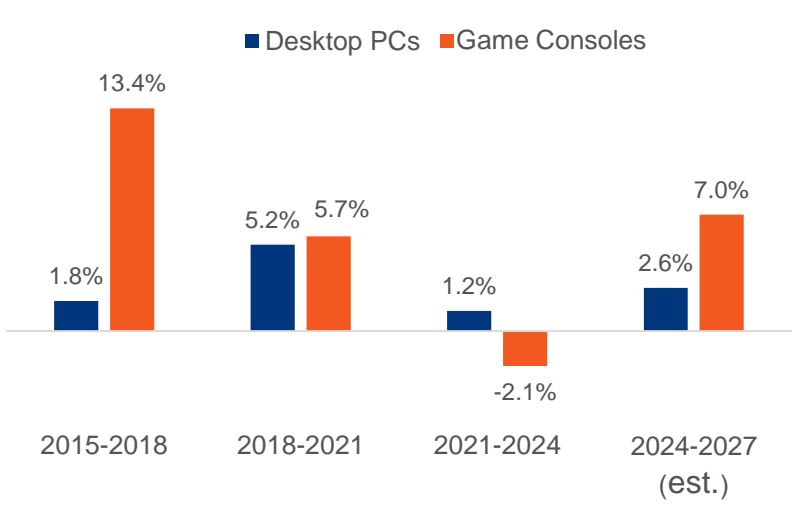


Share of Surveyed Companies Including Advertising Platforms in Their Strategy

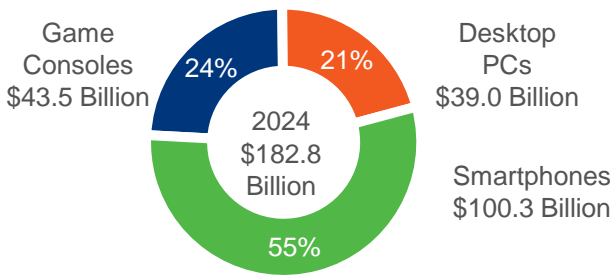


## Gaming Gains Tailwinds from 5G and AI

Traditional Gaming Platform Revenue CAGR by Period



2024 Global Gaming Market Revenue and Share



Source: Statista (LHS) 、Newzoo (RHS)



# Asset Strategy

Asset Type	Market View	Preferred Assets
<b>Equities</b>	<ul style="list-style-type: none"> <li>◆ The U.S. has gradually reached tariff agreements with Asian countries, reducing uncertainty. NVIDIA's reported resumption of chip exports to China has improved market sentiment. However, given that earnings forecasts have been revised down and valuations are relatively high, sector-specific tariff risks may still emerge. As economic slowdown remains a possibility, maintain balanced sector allocation and investment flexibility. Long-term investors may focus on AI themes, with software and cybersecurity stocks favored within tech. Consider gradual accumulation on pullbacks.</li> <li>◆ UK equities with finalized agreements have relative advantages. Easing monetary policy in the Eurozone and Germany's push for fiscal expansion support the case for selective accumulation of European equities on dips. Japan's economy continues to improve, and with tariffs resolved, domestic bank stocks are attractive on weakness.</li> </ul>	<p><b>Strategic Style:</b> Focus on high-quality large caps with balanced sector allocation. For mid- to long-term investment, consider positioning in long-term AI themes such as software and cybersecurity stocks.</p> <p><b>Regional Focus:</b> European and UK equities, Japan domestic demand and bank stocks.</p>
<b>Bonds</b>	<ul style="list-style-type: none"> <li>◆ Inflation data slightly increased, and the Fed Beige Book suggests that in the second half of the year, producers will gradually pass on tariff-related costs, adding inflationary pressure. However, the probability of a rate cut in September has slightly declined. The 10Y Treasury yield remains range-bound, while yields on short- to medium-term bonds remain attractive. Consider locking in yields during Treasury yield upticks. Favor investment-grade bonds rated A or above, particularly from leading firms. Sectors with relatively attractive risk-adjusted spreads include Financials, Industrials, Energy, Utilities, and Communication Services.</li> <li>◆ With the USD remaining weak, consider diversifying with non-USD investment-grade bonds, such as those denominated in EUR or SGD.</li> </ul>	<p><b>Duration:</b> Lock in yields with high-quality corporate bonds of short to medium duration.</p> <p><b>Type:</b> Prioritize investment-grade bonds from large corporations, focusing on Financials, Industrials, Energy, Utilities, and Communication Services.</p>
<b>Forex</b>	<ul style="list-style-type: none"> <li>◆ The Trump administration's preference for a weaker USD aims to boost U.S. manufacturing competitiveness. Expectations around the passage of the "Big and Beautiful Act" could significantly widen the U.S. fiscal deficit, suggesting a structurally weaker USD in the medium to long term.</li> <li>◆ Non-USD currencies such as the euro and yen may remain volatile but present medium- to long-term upside potential.</li> </ul>	<p>USD Consolidating with Weak Bias</p> <p>EUR and JPY Volatile</p>
<b>Commodity</b>	<ul style="list-style-type: none"> <li>◆ While global tariff negotiations have progressed, they remain unresolved. Economic momentum may slow in 2H24 amid inflation concerns and fiscal deficit pressures. With continued gold purchases by central banks and market participants, gold still has upside potential and may be accumulated gradually on pullbacks.</li> </ul>	<p><b>Gold:</b> Bullish</p>

# Outlook for NEV Market: Strong Sales Amid Headwinds, Policy Support to Fade, Industry Consolidation to Accelerate

## ► Robust Sales Despite Challenges; Penetration Hits Record High

- Despite headwinds in June—including market disruption from “zero-kilometer used cars,” intensified price competition, and tighter scrutiny on accounts payable cycles—China’s auto sector showed notable resilience. Retail sales of new energy passenger vehicles (NEVs) reached 1.11 million units, marking an 8.2% MoM increase. Market penetration climbed to a record 53.3%.

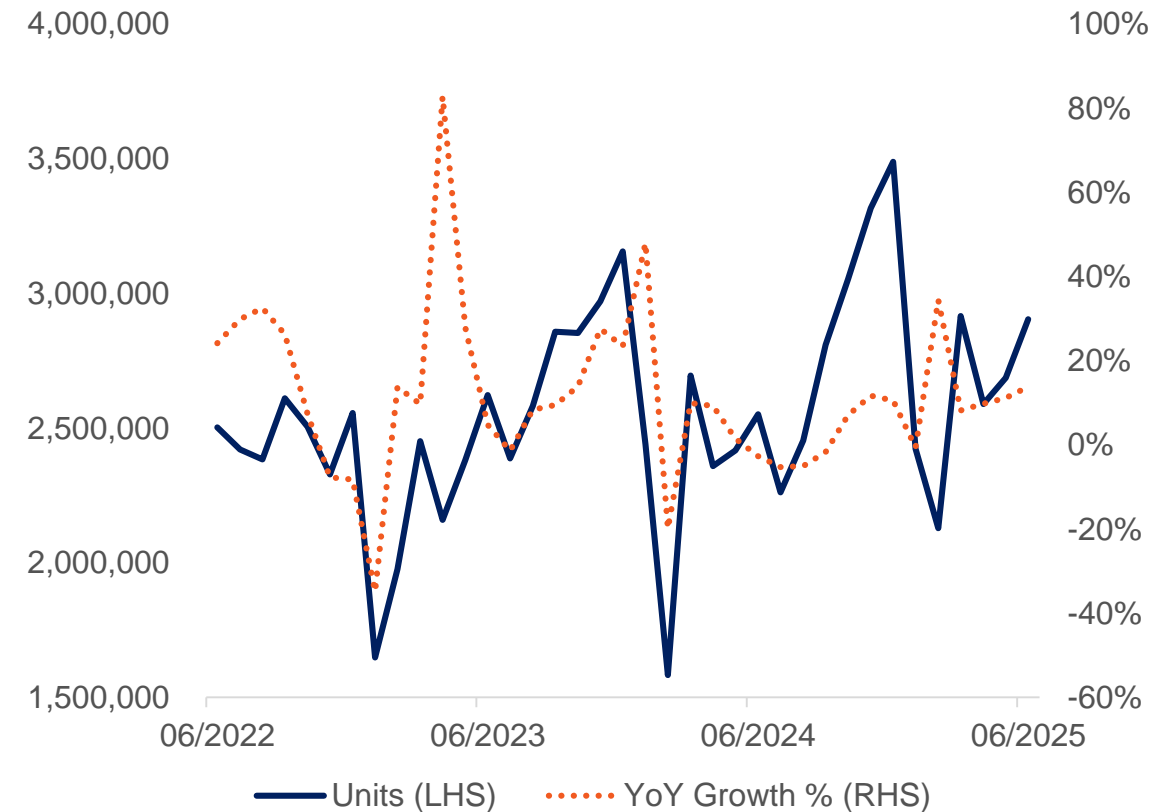
## ► Policy Incentives Likely to Decline

- Looking ahead to 2H25–2026, policy focus is expected to shift toward promoting healthy industry development and curbing excessive internal competition. As part of this shift, existing incentives such as purchase tax exemptions may see a systematic phase-out by 2026. This could lead to front-loaded demand in 4Q25, followed by a potential slowdown in 2026 growth.

## ► Consolidation to Deepen; Capital and Share to Flow to Leaders

Still, the end of the NEV sector’s phase of unrestrained expansion is not necessarily negative for leading players. Slower growth should accelerate consolidation and strengthen the dominance of large-scale, branded leaders. In a downshifted growth environment, capital is expected to favor high-quality players with proven, sustainable business models and stable profitability.

China Auto Sales Data



# Leapmotor (9863)

**Closing Price** HK \$61.7

**Target Price** HK \$88.3

Leapmotor designs, develops, manufactures, and sells NEVs, while also producing core EV components, intelligent cockpits, and autonomous driving systems. It provides cloud-based connected vehicle solutions.

## Key Features

### ■ JV with Stellantis Fuels Rapid Overseas Growth

In 2024, Leapmotor formed a strategic partnership with global automaker Stellantis, establishing the JV “Leapmotor International” to scale NEV exports using Stellantis’ global network, particularly in Europe and Southeast Asia. This asset-light expansion model is expected to drive overseas sales to over 10% of total volume by 2025, potentially outpacing current industry leaders in international exposure.

### ■ Carbon Credit Sales Offer High-Margin Upside

The partnership also enables Leapmotor to monetize surplus carbon credits, particularly in the regulation-heavy EU market. Given the negligible cost of credit sales, this segment could become a high-margin cash generator and stable “cash cow” for the company.

### ■ Profitability Likely Ahead of Schedule; "Buy" Rating Initiated

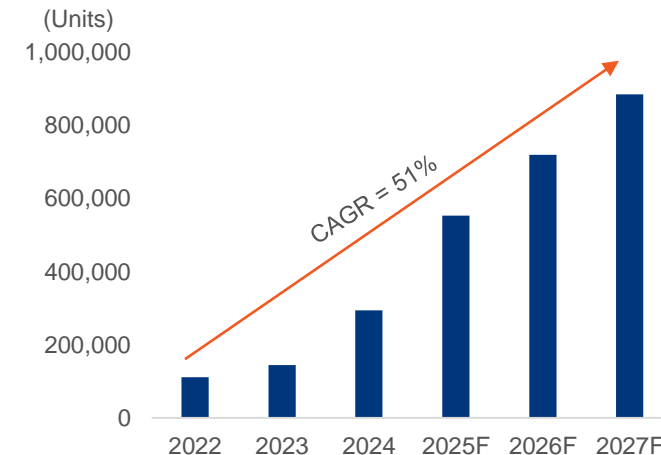
We believe the market underestimates Leapmotor’s earnings potential. With 2Q25 deliveries up 53% QoQ and gross margins remaining resilient amid intense competition, we forecast the company may reach breakeven one quarter earlier than expected—in 1H25. We raise our full-year revenue estimate from RMB 62.5 billion to RMB 65.8 billion (+104% YoY). Based on a DCF model, we assign a target price of HK\$88.3, implying ~50% upside and valuing the stock at 38x 2026E P/E. We expect NOPAT to grow at a 3-year CAGR of 81%.

## Financials

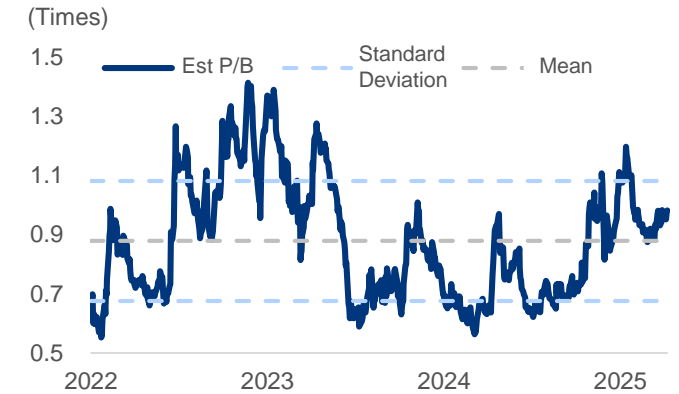
	2022	2023	2024	2025F	2026F
<b>Revenue (1B CNY)</b>	12.4	16.7	32.2	62.5	87.6
<b>Revenue YoY</b>	295.4	35.2	92.1	94.4	40.1
<b>EPS (CNY)</b>	-4.9	-3.6	-2.1	0.2	1.7
<b>EPS YoY</b>	-	-	-	-	634.8
<b>ROA</b>	-	-	-	2.5	17.7

Source: Bloomberg

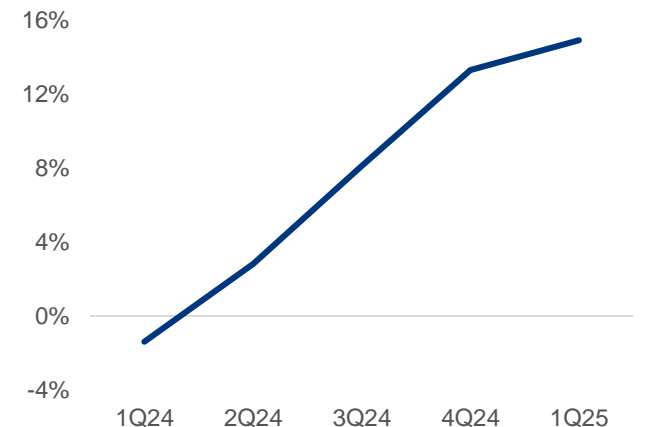
## Vehicle Delivery Volume



## Estimated P/B



## Quarterly Gross Margin



# Li Auto (2015)

**Closing Price** HK \$118.8

**Target Price** HK \$138

Li Auto focuses on the design, development, manufacturing, and sales of NEVs in China, along with related services.

## Key Features

### ■ "i" Series Launch Expands EV Portfolio

Following the "L" and "Mega" series, the company is set to launch its new "i" series, targeting the all-electric SUV and smart vehicle segments. The i8, a high-end SUV, is scheduled for launch this year and is already open for pre-orders with an estimated price range of RMB 350,000–400,000. Final pricing will be announced on July 29. The i6, a mid-sized SUV aimed at the mass market with a projected starting price around RMB 250,000, will debut in September. Monthly sales are expected to reach 10,000–15,000 units, making it a key volume driver. The i series is positioned as a core growth engine for Li Auto.

### ■ Top Performer Among Chinese Auto Brands

Li Auto has topped sales among Chinese auto brands in the RMB 200,000+ mid-to-high-end segment for two consecutive years, thanks to its precise product positioning focused on family needs and long-distance travel. It was the first emerging EV maker to exceed 500,000 annual deliveries. With the pure EV rollout, Li Auto gains new momentum—internal targets point to 640,000 units in 2025, up 28% YoY.

### ■ Profitable New Energy Entrant

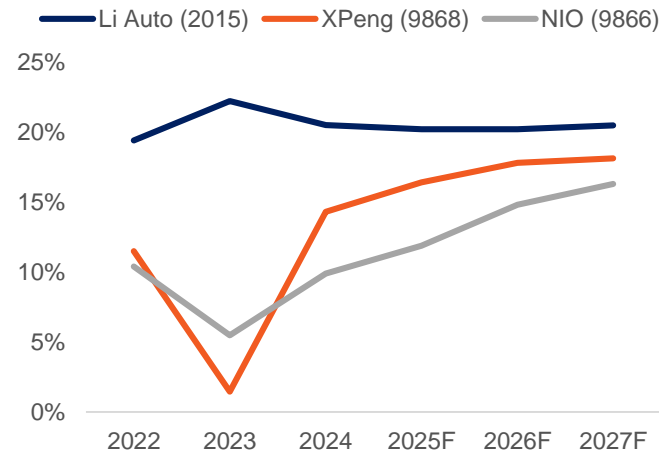
Li Auto stands out among Chinese brands in the RMB 200,000+ family-use segment, boasting higher-than-average gross margins and having already reached profitability. Based on a DCF model, the target price is set at HK\$138, implying a 2026E P/E of 19x and a 3-year earnings CAGR of 24%.

## Financials

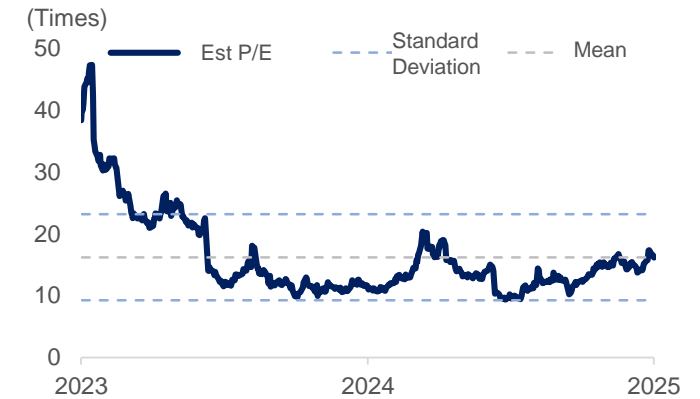
	2022	2023	2024	2025F	2026F
<b>Revenue (1B CNY)</b>	45.3	123.8	144.4	163.5	211.6
<b>Revenue YoY</b>	68%	174%	17%	13%	29%
<b>EPS (CNY)</b>	-1.01	4.61	3.79	4.57	6.72
<b>EPS YoY</b>	-	-	-18%	21%	47%
<b>ROA</b>	-4.68%	22.30%	12.30%	12.40%	15.60%

Source: Bloomberg

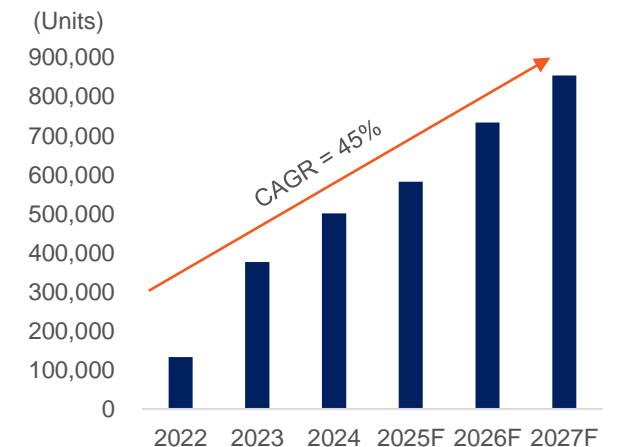
## Gross Margin



## Estimated P/E



## Vehicle Deliveries



# XPeng Inc (9868)

**Closing Price** HK \$75.9

**Target Price** HK \$98

XPeng designs, develops, manufactures, and markets smart EVs in China, with in-house development of ADAS software and intelligent operating systems.

## Key Features

### ■ Entering REV Market to Unlock New Growth

To broaden its product range and expand market coverage, XPeng is aggressively entering the range-extended EV (REV) segment. Its first REV SUV, internally codenamed G01, is scheduled for early 2026 launch with an expected price range of RMB 250,000–300,000, targeting the mainstream large SUV market. The move aims to address widespread range anxiety in China and attract customers previously unreachable by pure EVs.

### ■ Strong Delivery Momentum; Profit Inflection Expected in 2025

Backed by solid existing models and new launches, XPeng's EV deliveries are projected to hit 430,000 units in 2025—up 130% YoY—with a 3-year CAGR exceeding 20%. Driven by scale and cost optimization, the company is expected to reach breakeven by 4Q25.

### ■ ADAS Leadership Enhances Moat; Long-Term Value Yet to Be Priced In

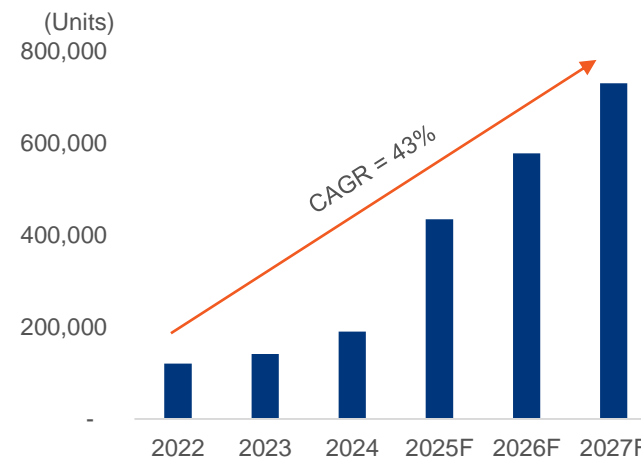
XPeng is also strengthening its edge in ADAS. Its new G7 Ultra model integrates three in-house “Turing” AI chips, delivering computing power equivalent to nine NVIDIA Orin X chips—laying the foundation for vision-language model (VLM) deployment. This marks a strategic leap beyond standard upgrades, building a technological moat that could be difficult for competitors to replicate in the near term. Once commercialized, the enhanced user experience may unlock significant long-term value. Target price: HK\$98, implying a 1.2x price-to-sales ratio.

## Financials

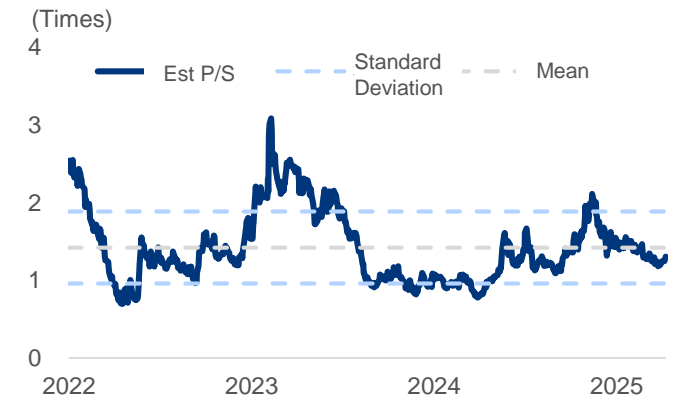
	2022	2023	2024	2025F	2026F
<b>Revenue (1B CNY)</b>	26.9	30.7	40.9	83.0	114.9
<b>Revenue YoY</b>	28.0	14.2	33.2	103.1	38.4
<b>EPS (CNY)</b>	-4.92	-5.42	-2.93	-0.77	1.22
<b>EPS YoY</b>	-	-	-	-	-
<b>ROA</b>	-23.12	-28.33	-17.13	-6.09	6.13

Source: Bloomberg

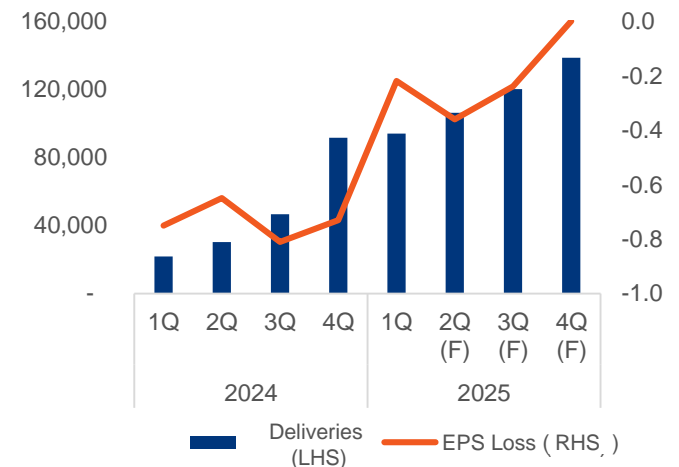
## Vehicle Deliveries



## Estimated P/S



## Forecast Operating Margin





# Bullish Summer Sentiment Builds; Sector Rotation Gathers Strength

- ▶ U.S. durable goods orders fell 9.3% MoM in June, reversing May's upwardly revised 16.5% surge. The drop was slightly better than the market's -10.8% forecast.
- ▶ S&P Global U.S. Manufacturing PMI declined to 49.5 in July from 52.9 in June, well below expectations of 52.7.
- ▶ U.S. Services PMI rose to 55.2 in July from 52.9, beating consensus of 53.0.
- ▶ Existing home sales fell 2.7% MoM in June to a seasonally adjusted annual rate of 3.93 million units, missing both May's revised 4.04 million and the 4.00 million forecast.
- ▶ New single-family home sales rose 0.6% in June to an annualized 627,000 units, up slightly from May's seven-month low of 623,000 but below the 650,000 forecast, indicating continued housing market pressure.
- ▶ As summer progresses, the three major U.S. indices continue to hit record highs amid strong rotation across thematic sectors. With the U.S. gradually securing tariff and trade deals globally, investor confidence in economic growth is recovering. Underperforming sectors like telecom, media, and gaming—which lagged AI—have solid fundamentals and may benefit from sector rotation, offering further upside potential.



# T-Mobile (TMUS)

Closing Price	US \$243.55	Target Price	US \$270
---------------	-------------	--------------	----------

## Company Overview

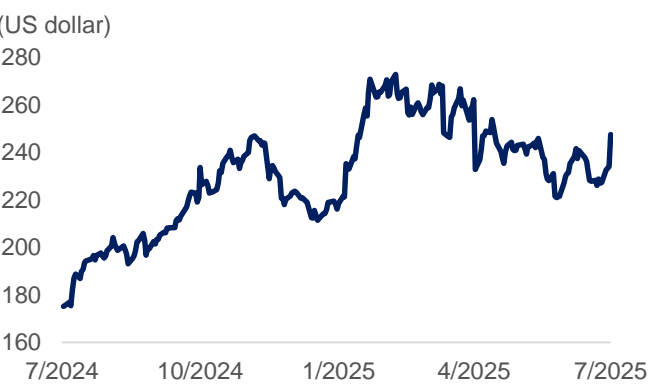
T-Mobile US, Inc. is a wireless network operator. The company provides wireless voice, messaging, and data services. T-Mobile US serves customers in the United States.

## Key Features

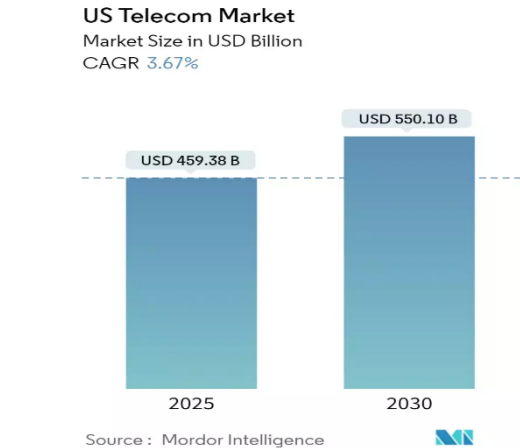
- Strong Q2 Performance**  
T-Mobile added 830,000 postpaid phone subscribers in Q2, raising full-year guidance to 6.1–6.4 million. It also gained 454,000 high-speed internet users. Strategic moves include a \$4.4B acquisition of U.S. Cellular (to close Aug 1), a \$2.9B spectrum sale to Grain Management, and a fiber JV with KKR and Metronet.
- Business Expansion**  
T-Mobile is expanding its enterprise segment through new MVNO deals with Comcast and Charter, set to launch in 2026. These agreements will use T-Mobile’s 5G network to serve business clients, strengthening its position as a preferred wholesale partner.
- Satellite Coverage Innovation**  
On July 23, T-Mobile and SpaceX’s Starlink launched the T-Satellite service, covering over 500,000 square miles. Data support is expected by October and will be included in the new “Beyond Experience” plan. Non-T-Mobile users will be charged \$10/month.
- Earnings Beat**  
Revenue rose 6.9% YoY to \$21.13B, beating estimates by \$1.1B. GAAP EPS came in at \$2.84, exceeding forecasts by \$0.17. Subscription growth guidance was also raised.
- Valuation Consensus**  
Bloomberg 12-month average target price: \$269.18  
High: \$305 | Low: \$200.

Source: Bloomberg

## 1-Year Stock Performance



## U.S. Telecom Market Size



## Financial

	2022	2023	2024	2025F	2026F
Revenue Growth (%)	-0.7	-1.3	3.6	6.5	5.4
EBITDA (%)	42.4	43.0	44.3	38.8	40
EPS (USD)	6.50	8.05	9.90	10.86	12.92
Net Margin (%)	10.3	12.3	14.3	14.1	15.3

Source: Bloomberg; 2025–2026 figures are based on market average financial estimates.

## PE & PB



# Electronic Arts (EA)

Closing Price	US \$151.68	Target Price	US \$170
---------------	-------------	--------------	----------

## Company Overview

Electronic Arts develops, publishes, and distributes branded interactive entertainment software globally, covering video game consoles, PCs, handheld devices, and mobile phones. The company also provides services related to online gaming.

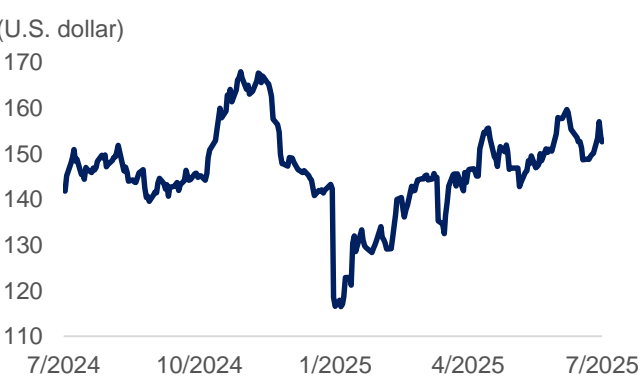
## Key Features

- Upcoming Title: Battlefield 6**  
EA is preparing to unveil *Battlefield 6*, with the official trailer launching July 24 and a full release expected soon after. EA has ambitious goals for the title, aiming to attract over 100 million players. According to *Ars Technica*, the company plans to replicate the successful *Call of Duty: Warzone* model—offering a free-to-play battle royale mode alongside premium single-player and core multiplayer content. This hybrid approach is expected to significantly expand the game’s player base compared to prior versions.
- Enhancing Gameplay to Capture Growth**  
EA Sports is upgrading its offerings to reach a broader gaming audience. The newly announced *Madden NFL 26* includes major enhancements such as smarter AI, deeper strategic mechanics, and the biggest Franchise mode upgrade in over a decade. Leveraging real-world coaching data and redesigned player behavior, the game aims to deliver a more authentic and immersive NFL experience. These improvements are likely to resonate with both loyal fans and new players.
- Earnings Beat**  
For FY4Q25, revenue rose 8.4% YoY to \$1.8B, beating estimates by \$250M. GAAP EPS came in at \$0.98, surpassing expectations by \$0.07.

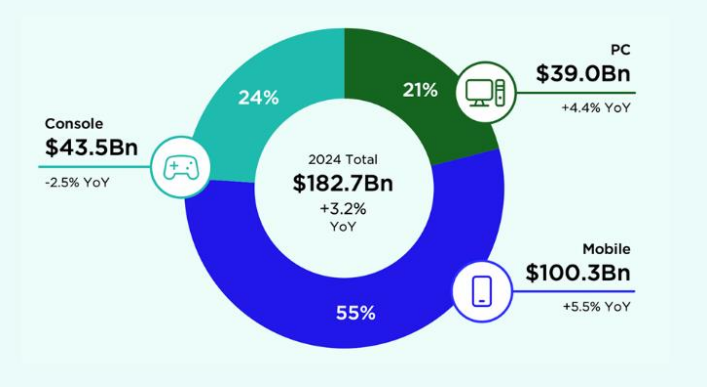
- Valuation Consensus**  
Bloomberg 12-month average target: \$172.48  
High: \$210 | Low: \$127

Source: Bloomberg

## 1-Year Stock Performance



## Global Gaming Market Revenue



## Financial

	2023	2024	2025	2026F	2027F
Revenue Growth (%)	6.2	1.8	-1.3	3.7	6.8
EBITDA (%)	32.8	30.2	29.0	32.7	33.9
EPS (USD)	4.11	5.50	4.76	8.16	9.02
Net Margin (%)	15.4	19.8	16.8	26.8	27.4

Source: Bloomberg; 2026–2027 figures are based on market average financial estimates.

## PE & PB



# U.S.-Japan Tariff Deal Lifts Asia; Taiwan Bull Run Extends as Non-Tech Join Rotation

## ► U.S.-Japan Tariff Optimism Fuels Asia Rally; More Deals Anticipated

Last week, the Taiwan equity market showed resilience, with Tuesday's dip below short-term averages quickly reversed following the successful conclusion of U.S.-Japan tariff negotiations. The TAIEX remains above its 5-day moving average, and daily turnover continues to exceed the 20-day average—supporting a strong, high-level consolidation with upside potential. The ongoing uptrend remains intact, with room to set new highs.

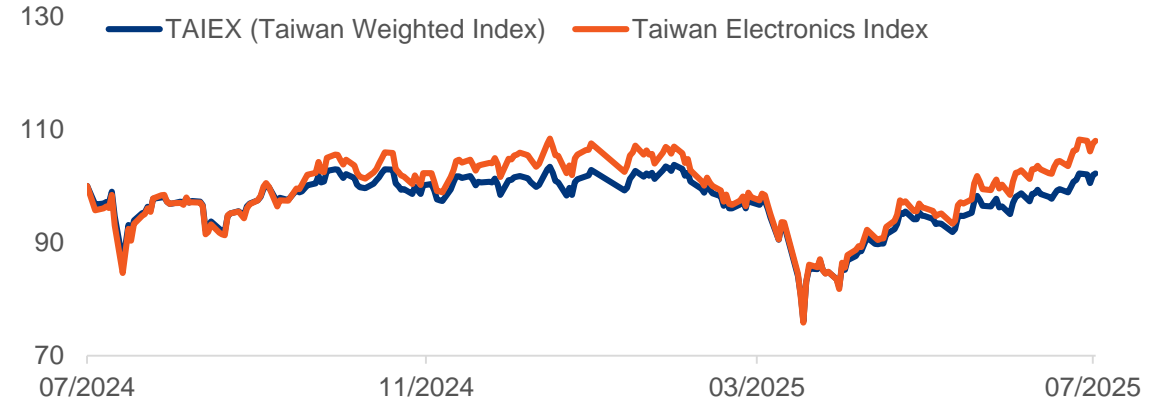
## ► Non-Tech Sectors Take the Lead: Glass, Plastics, Machinery in Focus

Non-tech sectors have emerged as key drivers in the current rotation. Industries such as glass and ceramics, plastics, machinery, bicycles, and apparel are seeing catch-up gains with short-term momentum likely to continue. Biotech names linked to upcoming industry events, as well as non-ferrous metal plays boosted by rising global copper prices, are also gaining speculative interest. Tech and financials are in a consolidation phase, yet the broader bullish structure remains intact. Select large-cap tech stocks maintain an upward trend, and certain sub-sectors show continued strength. With some names holding firm at high levels, tactical pullback entries remain viable.

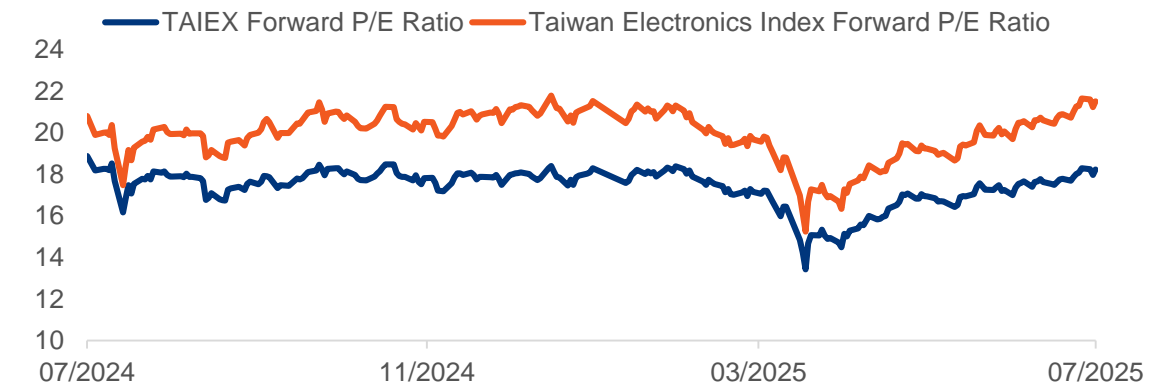
Source: Bloomberg

## TAIEX & Tech Sector Trends and Valuations

Index Trend (Normalized to 100 as of 2024/7/23)



Estimated Index P/E Ratio Trend



# Fositek (6805 TT)

Fositek designs, manufactures, and sells consumer electronic components, including rotating shafts, cantilever arms, and other precision parts for computers, optics, electrical appliances, telecom, and medical devices. The company serves clients across Asia, the U.S., and other global markets.

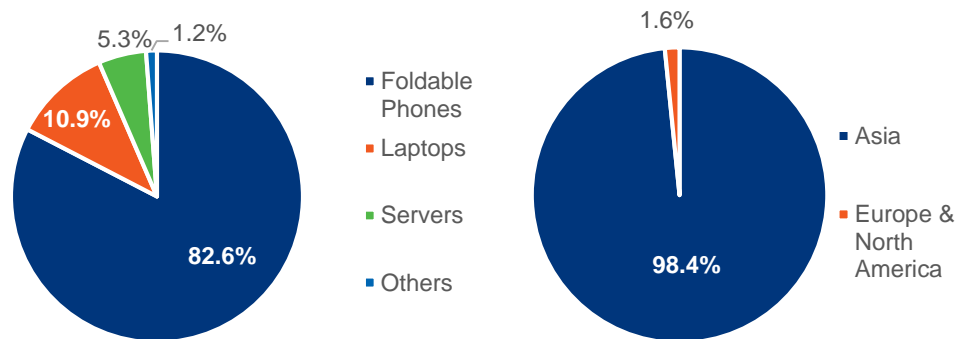
## ■ 2Q25 Revenue Beat; Stronger 2H Outlook

Driven by strong server-related revenue, Fositek reported 52% YoY growth in 2Q25, beating our expectations. Growth was fueled by robust demand for general-purpose servers and the initial shipments of the GB300 NVQD03 module. With smoother ODM assembly of GB200 cabinets and ramp-up of GB300 NVQD03, KGI projects 2H25 server revenue to exceed 1H25. Additionally, Huawei's upcoming foldable phone launch is expected to support sequential smartphone revenue growth in 2H25.

## ■ ASIC Server Ramp Supports Long-Term Upside

We estimate global AI training market CAGR at 37% from 2024–2026. Beyond GB200 QD modules, Fositek is expected to begin shipping ASIC-based AI server cabinet UQD in 4Q25. Server revenue contribution is projected to reach 25% in 2025 and climb further to 40% in 2026.

## Revenue Sources and Regional Breakdown



Source: Bloomberg

## Financials

	2022	2023	2024	2025F	2026F
EPS (NTD)	9.33	10.18	17.90	26.80	43.15
EPS Growth Rate(%)	0.5	9.1	75.8	49.7	61.0
P/E	89.3	81.8	46.5	31.1	19.3
ROE (%)	25.3	18.0	24.2	30.6	41.1

Source: Company Data, KGI Securities Estimates

## Valuations

		5 Year Average	Now	
Price	72			1,095
P/E	16.39			88.09
P/B	3.53			15.24

## 1-Year Price





# LOTES CO. LTD (3533 TT)

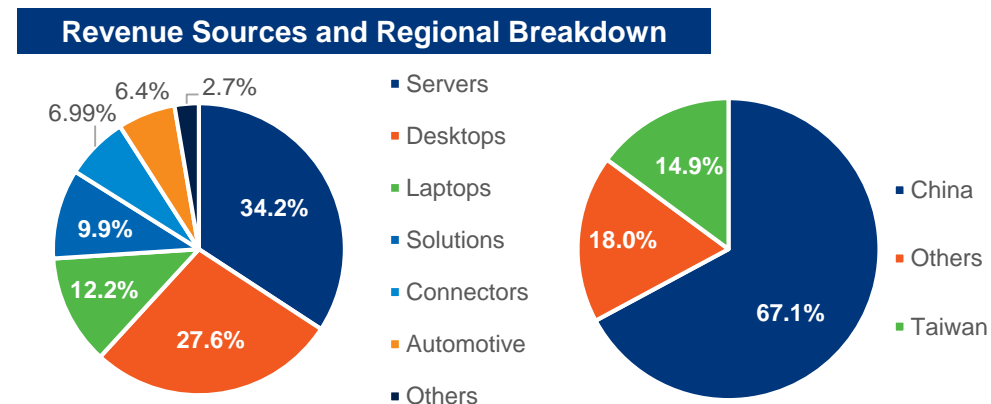
Founded in 1986 in Keelung, Taiwan, LOTES CO. LTD specializes in the design and manufacturing of connectors and mechanical components, with a vertically integrated production flow including design, processing, molding, stamping, plating, and automated assembly. The company serves advanced electronics, instrumentation, and systems markets globally.

## ■ 2Q25 Margins Resilient; NT\$ Strength to Drag EPS

2Q25 revenue fell short of the company's original double-digit QoQ growth guidance due to NT dollar appreciation. Server revenue mix remained steady at 37%, and margin mix improved thanks to rising penetration of new CPU platforms. Despite higher capacity utilization and revenue scale, stronger NT\$ is expected to hold gross margin flat at 51%.

## ■ Positive 2H Outlook; CPU Transition to Lift 2026 EPS

According to company guidance, server motherboard shipments are expected to grow slightly QoQ in 3Q25. KGI forecasts a 4% QoQ revenue increase as legacy server and desktop DDR4 models phase out and new CPU platforms gain traction. With improved product mix and limited further NT\$ appreciation, gross margins are expected to stay above 50% in 2H25.



Source: Bloomberg

## Financials

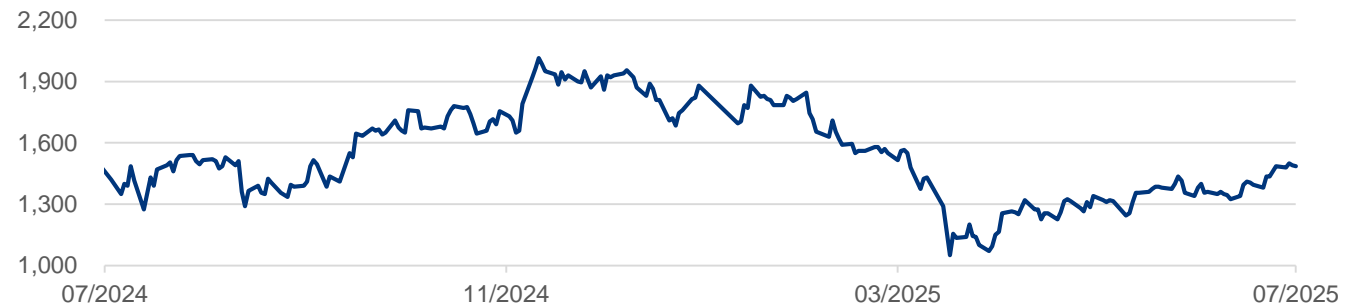
	2022	2023	2024	2025F	2026F
EPS (NTD)	58.70	50.65	82.77	73.57	104.75
EPS Growth (%)	76.2	-13.7	63.4	-11.1	42.4
P/E	25.6	29.6	18.1	20.4	14.3
ROE (%)	31.5	22.1	29.1	21.7	27.4

## Valuations

		5 Year Average	Now	
Price	375			2015
P/E	12.44			30.06
P/B	3.05			6.83

Source: Company Data, KGI Securities Estimates

## 1-Year Price



As of July 24, 2025	1 Week	1 Month	3 Months	6 Months	YTD	1 Year
Return During Period (%)	1.71	7.61	27.47	-21.01	-24.04	0.34

# Telecom Earnings Forecast Revised Up; Ads & Gaming Drive Momentum

## ► Global X Social Media ETF (SOCL US)

- Tracks the performance of the *Solactive Social Media Total Return Index*.
- Provides exposure to global social media companies including Meta, Tencent, Naver, and Kuaishou, spanning the U.S., China, and South Korea.
- Diversified portfolio helps mitigate risk while capturing regional growth opportunities.
- Holds 50 stocks across large-, mid-, and small-cap companies.

## ► Invesco NexGen Media and Gaming ETF (GGME US)

- Tracks the performance of the *STOXX World AC NexGen Media Index*.
- Focuses on media and gaming stocks within the communication services sector, targeting investors optimistic Approximately 95% of holdings are large-cap stocks, with the top 10 accounting for about 60% of the portfolio.

Product	Global X Social Media ETF (SOCL US)		Invesco NexGen Media and Gaming ETF (GGME US)	
Features	<ul style="list-style-type: none"> <li>■ Tracks the performance of the Solactive Social Media Total Return Index.</li> <li>■ Diversified portfolio helps mitigate risk while capturing regional growth opportunities.</li> </ul>		<ul style="list-style-type: none"> <li>■ Focuses on media and gaming stocks within the communication services sector, targeting investors optimistic Approximately 95% of holdings are large-cap stocks, with the top 10 accounting for about 60% of the portfolio.</li> </ul>	
AUM	USD 144 Million		USD 150.2 Million	
Tracking Index	Solactive Social Media Total Return Index		STOXX World AC NexGen Media Index	
Exchanges	NASDAQ		NYSE	
Holdings	50		93	
Expense Ratio	0.65%		0.61%	
3M/YTD Return	27.75% / 30.92%		22.51% / 20.30%	
Top 5 Sectors (%)	Communication Services	86.20	Information Technology	51.20
	Information Technology	13.00	Communication Services	44.22
	Consumer Discretionary	0.50	Consumer Discretionary	4.50
	Industrials	0.30	Industrials	0.08
Top 5 Holdings (%)	Meta Platforms	9.98	NVIDIA	9.07
	Tencent Holdings	8.93	Apple Inc	8.12
	Kuaishou Technology	8.64	Meta Platforms	7.80
	NAVER Corp	7.98	Netflix	7.36
	Pinterest	7.38	Qualcomm	6.98

Source: Bloomberg, 23 July 2025

# Global X Social Media ETF (SOCL US)

## Profile

The ETF tracks the “Solactive Social Media Total Return Index” and aims to replicate the performance of its constituent stocks.

### ■ Focus on Social Media Sector

The index focuses on social media companies, including both globally recognized brands and dynamic emerging players. SOCLUS enables investors to directly tap into the growth potential of the social media sector.

### ■ Global Exposure & Diversification

Its portfolio spans markets such as the U.S., China, South Korea, Japan, and Luxembourg, offering strong geographic diversification that reduces single-market risk while capturing multi-region growth.

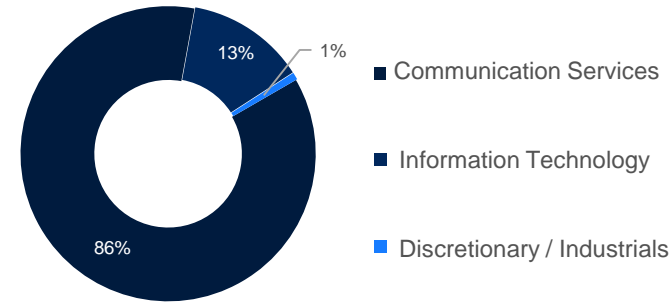
### ■ High Growth Potential

Social media remains one of the most engaged online activities—connecting over half the global population in 2024, with projections exceeding 75% by 2028. The industry is evolving from pure social networking into social commerce, ecosystem platforms, and AI-driven applications. By 2030, the global social commerce market is projected to surpass USD 8 trillion.

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

Source: Bloomberg, 23 July 2025

## Sectors



## 1-Year Performance



As of 23 July 2025

Return (%)

1M

3M

YTD

1Y

3Y

5Y

7.60

23.78

8.55

11.72

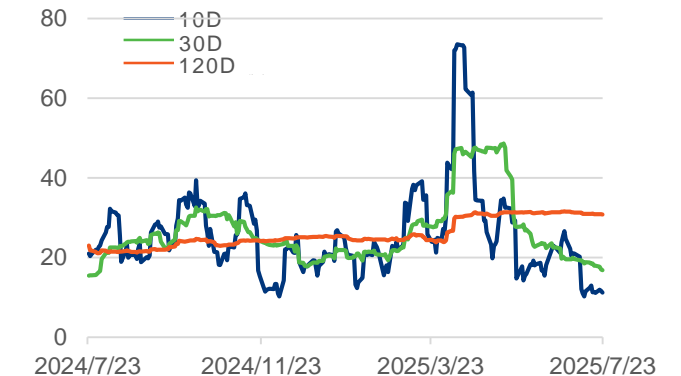
-

-

## Top-5 Holdings (%)

<b>Meta Platforms</b>	9.98
<b>Tencent Holdings</b>	8.93
<b>Kuaishou Technology</b>	8.64
<b>NAVER Corp</b>	7.98
<b>Pinterest</b>	7.38

## 1-Year Volatility



# Invesco NexGen Media and Gaming ETF (GGME US)

## Profile

This ETF tracks the STOXX World AC NexGen Media Index, aiming to replicate the performance of its constituent stocks.

### ■ Targeting Next-Gen Media & Gaming Innovations

The index focuses on media and gaming companies within the communication services sector, including streaming platforms, video games, and social media. It targets firms at the forefront of immersive experiences, cloud-based and cross-platform integration, content creation, cross-media IP expansion, and AI-driven personalization—making the sector a key hub for digital innovation and consumption transformation.

### ■ Heavy Large-Cap Allocation

The portfolio holds ~95% in large-cap stocks, including Nvidia, Apple, Meta, Netflix, and Qualcomm, with the top 10 holdings accounting for roughly 60% of total assets.

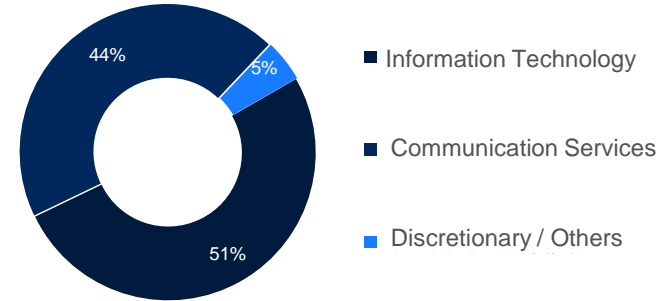
### ■ Global Reach with U.S. Core

While U.S. exposure dominates, the ETF also includes leading gaming markets such as China and Japan, providing diversified access to global media and entertainment growth.

<b>Inception Date</b>	2005/6/23	<b>AUM</b>	USD 150.2 Million
<b>ETF Category</b>	Equities	<b>Holdings</b>	93
<b>Expense Ratio</b>	0.61%	<b>3Y Stand. Dev. (Ann.)</b>	22.87%

Source: Bloomberg, 23 July 2025

## Sectors



## 1-Year Performance



As of 23 July 2025

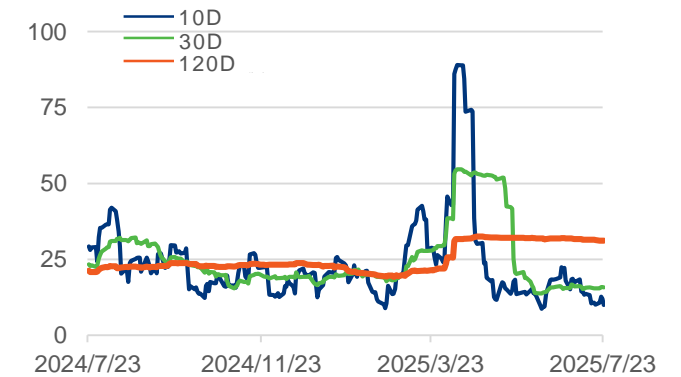
Return (%)

1M	3M	YTD	1Y	3Y	5Y
3.50	22.51	20.30	36.09	73.92	91.70

## Top-5 Holdings (%)

<b>Nvidia</b>	9.07
<b>Apple Inc</b>	8.12
<b>Meta Platforms</b>	7.80
<b>Netflix</b>	7.36
<b>Broadcomm</b>	6.98

## 1-Year Volatility





# Telecom Leaders Offer Defensive Strength Amid Market Uncertainty

- ▶ **SOBKCO 4.699 07/09/30 SoftBank Corp. (USD-Denominated)**
- ▶ **SOBKCO 5.322 07/09/35 SoftBank Corp. (USD-Denominated)**

SoftBank (9434 JT) is one of Japan’s top three telecom operators, with a market share of approximately 24% as of end-2024. Its core mobile communications business targeting individual consumers accounts for over half of its consolidated EBITDA.

- Competition among Japan’s major telecom providers remains relatively even in terms of pricing, device offerings, and network quality. However, SoftBank holds the largest non-telecom business footprint among the three—spanning media, e-commerce, fintech, and payment services—enhancing customer engagement and supporting both market share and profitability.
- Key financial metrics are expected to remain solid. S&P forecasts that even with increased investment needs in areas like AI and data centers, SoftBank will generate over ¥500 billion in annual free operating cash flow. Meanwhile, stable EBITDA from both telecom and non-telecom operations should keep its debt/EBITDA ratio (excluding financial services) below 2x.

Source: Bloomberg

Product	SOBKCO 4.699 07/09/30	SOBKCO 5.322 07/09/35
ISIN	USJ75963DB15	USJ75963DC97
Features	SoftBank (9434 JT) is one of Japan’s top three telecom operators, with a market share of approximately 24% as of end-2024. Its core mobile communications business targeting individual consumers accounts for over half of its consolidated EBITDA.	
Maturity Date	2030/7/9	2035/7/9
Next Call Date	2030/6/9	2035/4/9
Coupon (%)	Fixed/4.699/Semi-annual	Fixed/5.322/Semi-annual
Currency	USD	USD
Years to Maturity	4.96	9.96
Credit Rating (Moody’s/Fitch/S&P)	-/BBB+/BBB	-/BBB+/BBB
Seniority	Senior unsecured	Senior unsecured
YTM/YTC (%)	4.79/4.79	5.53/5.54



# SoftBank Corp. (SOBKCO 4.699 07/09/30)

## Profile

SoftBank Corp. provides telecom and network services, mobile connectivity, messaging, multimedia features, and related solutions. It also sells mobile devices and serves a broad range of segments including consumer, enterprise, distribution, media, e-commerce, and financial services.

- As one of Japan’s top three telecom operators, SoftBank (9434 JT) held a market share of approximately 24% as of end-2024. Its core mobile communications business—focused on individual consumers—accounts for over half of total consolidated EBITDA. While pricing, hardware, and network quality remain largely comparable across the top three players, SoftBank distinguishes itself with the largest non-telecom business footprint, spanning media, e-commerce, fintech, and payments. This breadth enhances customer stickiness and supports both market share and earnings stability.
- Key financial metrics are expected to stay strong. S&P forecasts that even with increased investments in AI and data centers, SoftBank’s annual free operating cash flow will exceed JPY 500 billion. Meanwhile, EBITDA from both telecom and non-telecom operations remains steady, and its debt/EBITDA ratio (excluding financial services) is projected to stay below 2x.

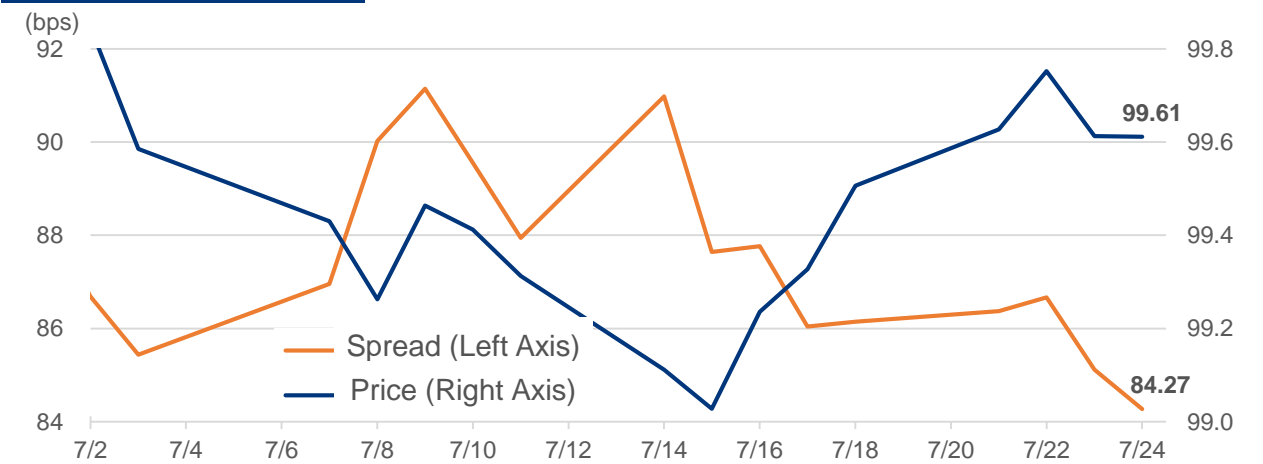
Financials	2022	2023	2024
Free Cash Flow (100M JPY)	5,068	5,465	6,856
Return on Assets(ROA)(%)	4.09	3.83	3.24
Net Profit Margin(%)	9.09	8.99	8.04

Source: Bloomberg, July 24, 2025

## Overview

Name	SOBKCO 4.699 07/09/30	ISIN	USJ75963DB15
Maturity Date	2030/7/9	Remaining Maturity	4.96
Coupon(%)	Fixed/4.699/Semi-annual	YTM/YTC(%)	4.79/4.79
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	-/BBB+/BBB	Seniority	Senior Unsecured

## Price



# SoftBank Corp. (SOBKCO 5.322 07/09/35)

## Profile

SoftBank Corp. provides telecom and network services, mobile connectivity, messaging, multimedia features, and related solutions. It also sells mobile devices and serves a broad range of segments including consumer, enterprise, distribution, media, e-commerce, and financial services.

- As one of Japan’s top three telecom operators, SoftBank (9434 JT) held a market share of approximately 24% as of end-2024. Its core mobile communications business—focused on individual consumers—accounts for over half of total consolidated EBITDA. While pricing, hardware, and network quality remain largely comparable across the top three players, SoftBank distinguishes itself with the largest non-telecom business footprint, spanning media, e-commerce, fintech, and payments. This breadth enhances customer stickiness and supports both market share and earnings stability.
- Key financial metrics are expected to stay strong. S&P forecasts that even with increased investments in AI and data centers, SoftBank’s annual free operating cash flow will exceed JPY 500 billion. Meanwhile, EBITDA from both telecom and non-telecom operations remains steady, and its debt/EBITDA ratio (excluding financial services) is projected to stay below 2x.

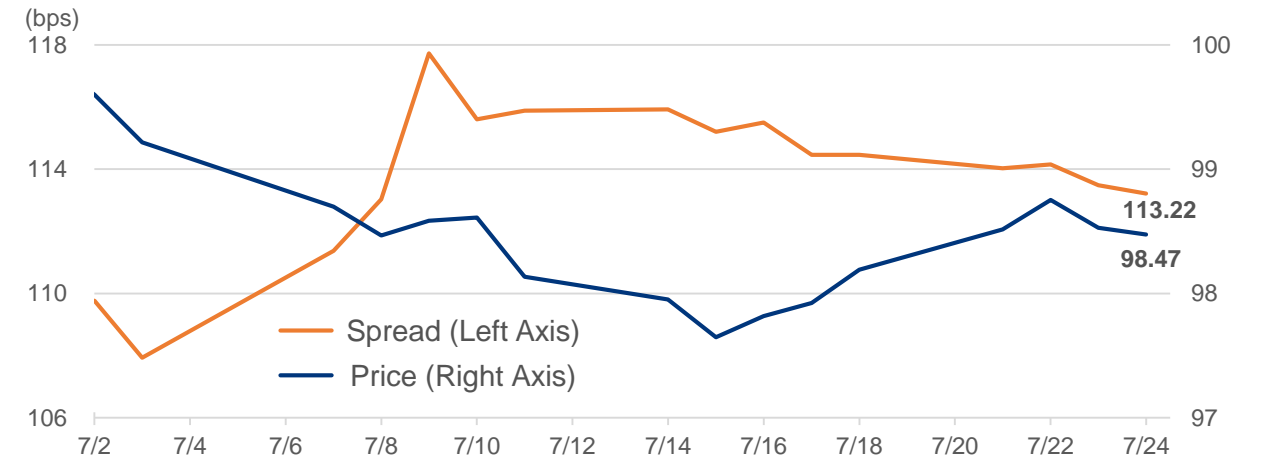
Financials	2022	2023	2024
Free Cash Flow (100M JPY)	5,068	5,465	6,856
Return on Assets(ROA)(%)	4.09	3.83	3.24
Net Profit Margin(%)	9.09	8.99	8.04

Source: Bloomberg, July 24, 2025

## Overview

Name	SOBKCO 5.322 07/09/35	ISIN	USJ75963DC97
Maturity Date	2035/7/9	Remaining Maturity	9.96
Coupon(%)	Fixed/5.322/Semi-annual	YTM/YTC(%)	5.53/5.54
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	-/BBB+/BBB	Seniority	Senior Unsecured

## Price



## Appendix

## Key Economic Data / Events

## ► JULY 2025

21

Monday

22

Tuesday

- Taiwan Jun Export Orders YoY (Act:24.6% Est:23.2% Prev:18.5%)
- Taiwan Jun Unemployment Rate (Act:3.34% Est:3.30% Prev:3.34%)

23

Wednesday

- US Jun Existing Home Sales (Act:3.93m Est:4.00m Prev:4.04m)
- Japan Jun Machine Tool Orders YoY (Act:-0.5% Prev:3.4%)

24

Thursday

- US Weekly Jobless Claims (Act:217k Est:226k Prev:221k)
- US Jul S&P Global Mfg. PMI (Act:49.5 Est:52.7 Prev:52.9)
- Eurozone Jul ECB Main Refinancing Rate (Act:2.15% Est:2.15% Prev:2.15%)
- Eurozone Jul HCOB Mfg PMI (Act:49.8 Est:49.8 Prev:49.5)
- Japan Jul Jibun Bank Mfg PMI (Act:48.8 Prev:50.1)

25

Friday

- US Jun Durable Goods Orders Prelim (Est:-10.7% Prev:16.4%)
- Japan Jul Tokyo CPI YoY (Act:2.9% Est:3.0% Prev:3.1%)

## ► AUG 2025

28

Monday

- Hong Kong Jun Exports YoY (Prev:15.5%)

29

Tuesday

- US Jun JOLTS Job Openings (Est:7,350k Prev:7,769k)
- Earnings: V, PG, UNH, MRK, BKNG, BA

30

Wednesday

- US 2Q GDP Annualized QoQ (Est:2.5% Prev:-0.5%)
- Eurozone 2Q GDP YoY (Prev:1.5%)
- Eurozone Jul Consumer Confidence Final (Prev:-14.7)
- Earnings: MSFT, META, QCOM, LRCX, ADP

31

Thursday

- US Jul Fed Rate Decision (Est:4.50% Prev:4.50%)
- US Jun Core PCE YoY (Est:2.7% Prev:2.7%)
- US Weekly Jobless Claims (Prev:217k)
- Japan Jul BoJ Rate Decision (Est:0.5% Prev:0.5%)
- Japan Jun Industrial Production MoM Prelim (Est:-0.7% Prev:-0.1%)
- Earnings: AAPL, AMZN, MA, ABBV

1

Friday

- US Jul Non-farm Payrolls (Est:101k Prev:147k)
- US Jul Unemployment Rate (Est:4.2% Prev:4.1%)
- US Jul ISM Mfg PMI (Est:49.5 Prev:49.0)
- Eurozone Jul HCOB Mfg PMI (Prev:49.5)
- Eurozone Jul CPI YoY Flash (Prev:2.0%)
- Earnings: XOM, CVX, LIN

# Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	EPS
2025/7/18	American Express (AXP)	17.7B	17.86B	3.87	4.08	V	V
2025/7/18	Charles Schwab (SCHW)	5.7B	5.85B	1.09	1.14	V	V
2025/7/21	Verizon Communications (VZ)	33.71B	34.5B	1.19	1.22	V	V
2025/7/22	Danaher (DHR)	5.84B	5.94B	1.64	1.8	V	V
2025/7/22	Coca-Cola (KO)	12.55B	12.5B	0.83	0.87		V
2025/7/22	Lockheed Martin (LMT)	18.58B	18.2B	6.54	1.46		
2025/7/22	RTX (RTX)	20.68B	21.6B	1.44	1.56	V	V
2025/7/22	Philip Morris International (PM)	10.31B	10.14B	1.86	1.91		V
2025/7/23	Capital One Financial (COF)	12.72B	12.5B	4.03	5.48		V
2025/7/23	Intuitive Surgical (ISRG)	2.35B	2.44B	1.93	2.19	V	V
2025/7/23	Chubb Limited (CB)	14.16B	14.2B	5.96	6.14	V	V
2025/7/23	Texas Instruments (TXN)	4.35B	4.45B	1.35	1.41	V	V
2025/7/23	AT&T (T)	30.45B	30.8B	0.53	0.54	V	V
2025/7/23	Boston Scientific (BSX)	4.89B	5.06B	0.73	0.75	V	V

Source: Investing.com

# Key Earnings Releases

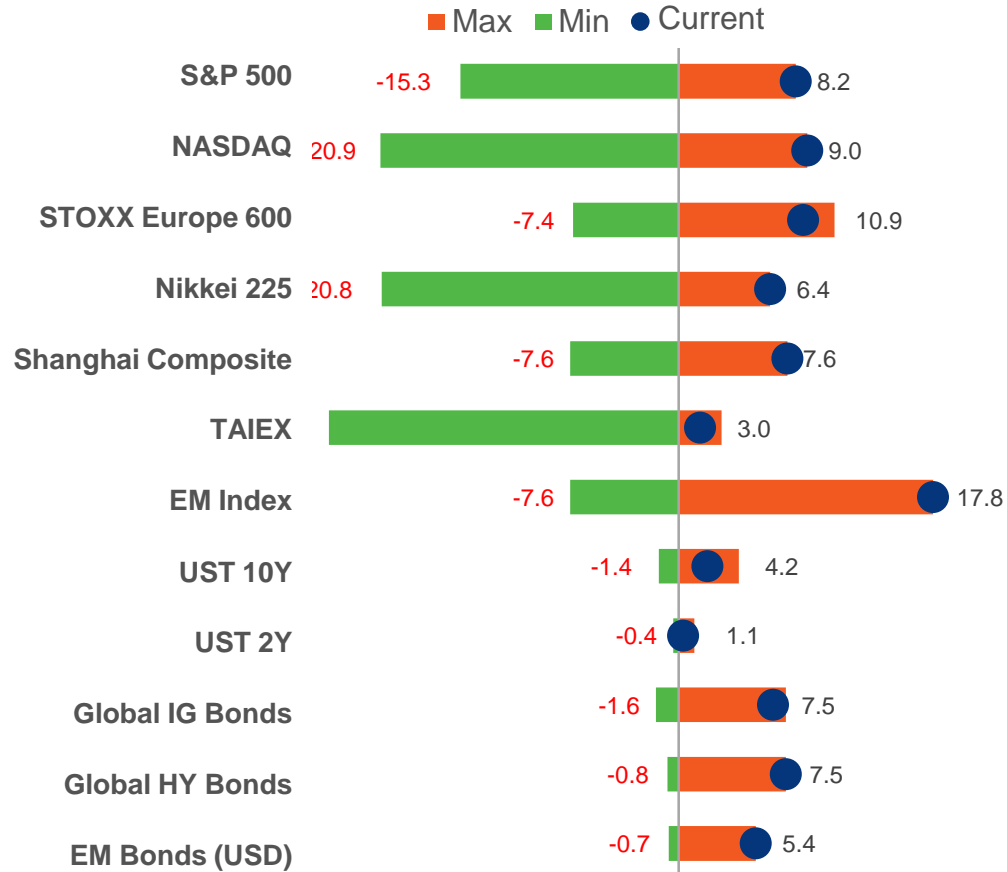
Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	EPS
2025/7/23	Thermo Fisher Scientific (TMO)	10.68B	10.85B	5.23	5.36	V	V
2025/7/23	GE Vernova (GEV)	8.8B	9.11B	1.5	1.86	V	V
2025/7/23	NextEra Energy (NEE)	7.29B	6.7B	0.98	1.05		V
2025/7/23	Amphenol (APH)	5.02B	5.7B	0.66	0.81	V	V
2025/7/24	T-Mobile US (TMUS)	21.04B	21.13B	2.68	2.84	V	V
2025/7/24	Tesla (TSLA)	22.4B	22.5B	0.4	0.4	V	
2025/7/24	ServiceNow (NOW)	3.12B	3.22B	3.57	4.09	V	V
2025/7/24	Alphabet (GOOGL)	93.9B	96.43B	2.17	2.31	V	V
2025/7/24	IBM (IBM)	16.59B	17B	2.65	2.8	V	V
2025/7/24	Blackstone (BX)	2.79B	3.71B	1.09	1.21	V	V
2025/7/24	Honeywell International (HON)	10.05B	10.4B	2.66	2.75	V	V
2025/7/24	Union Pacific (UNP)	6.15B	6.2B	2.9	3.03	V	V

Source: Investing.com

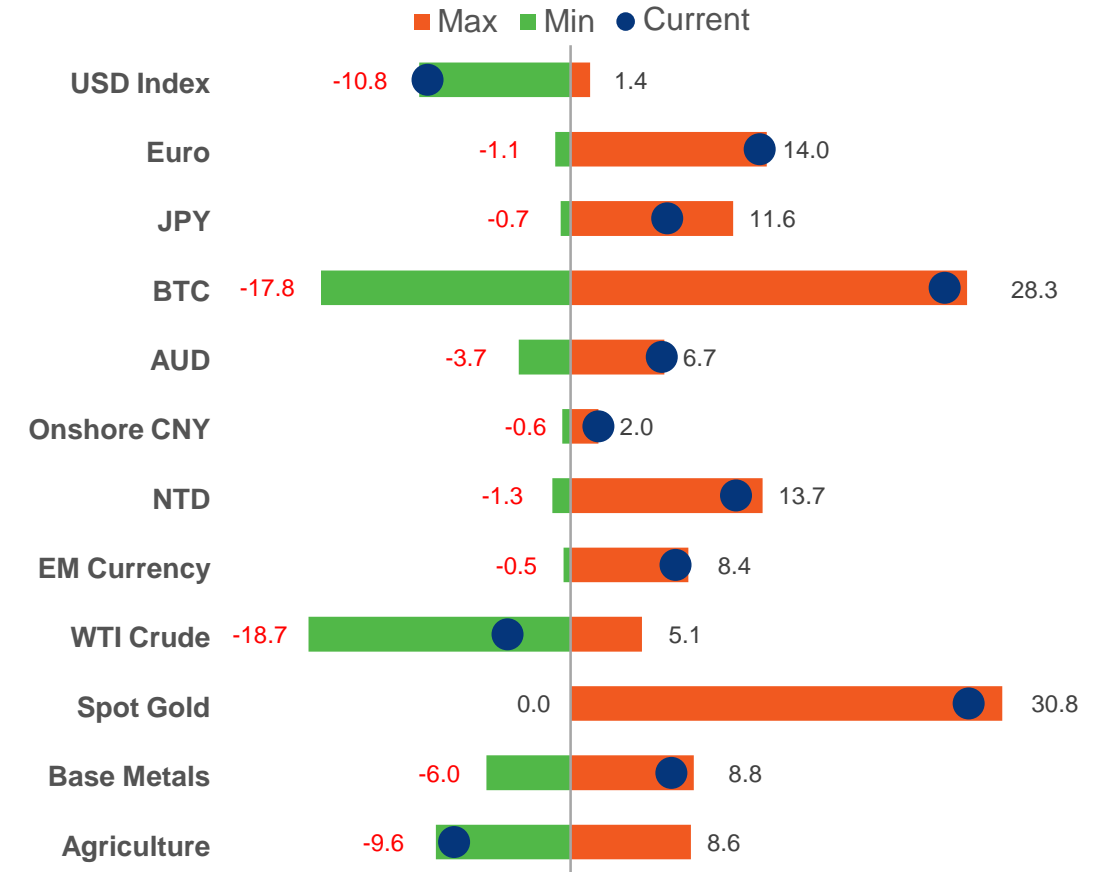


# YTD Major Market / Asset Performance

## Equities & Bond Markets YTD Performance (%)

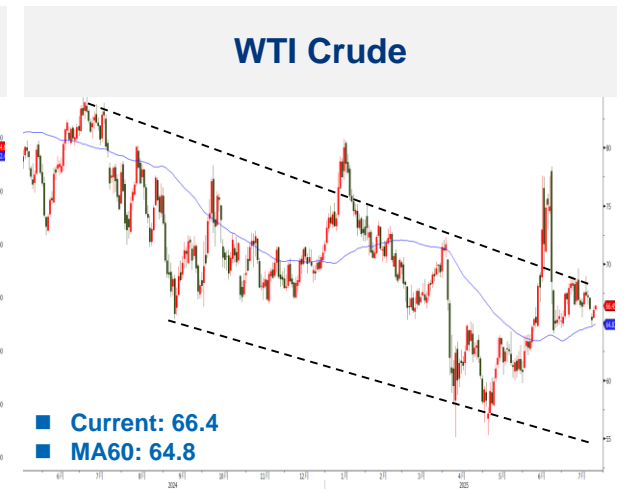
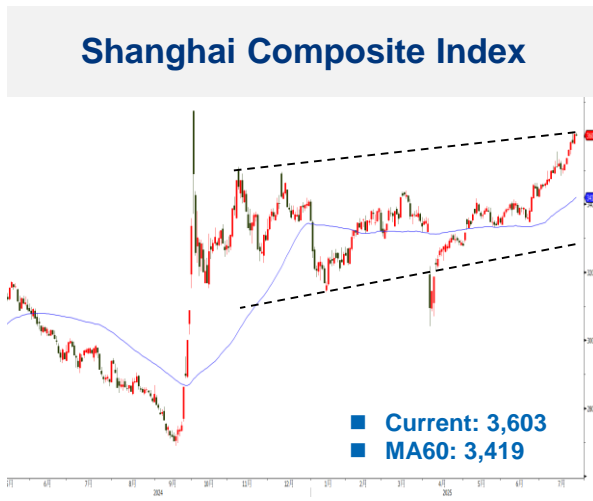
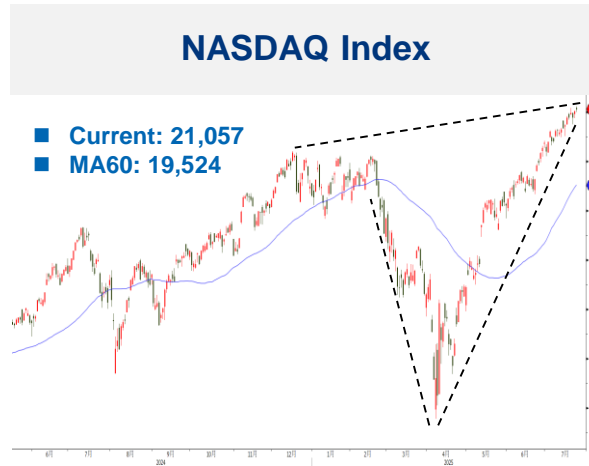
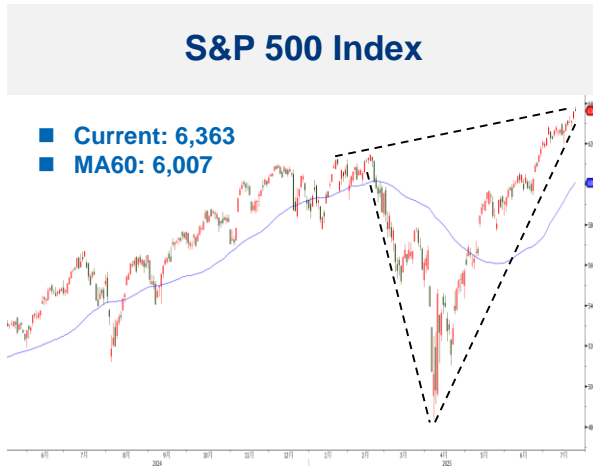


## Currencies and Commodities Market YTD Performance (%)



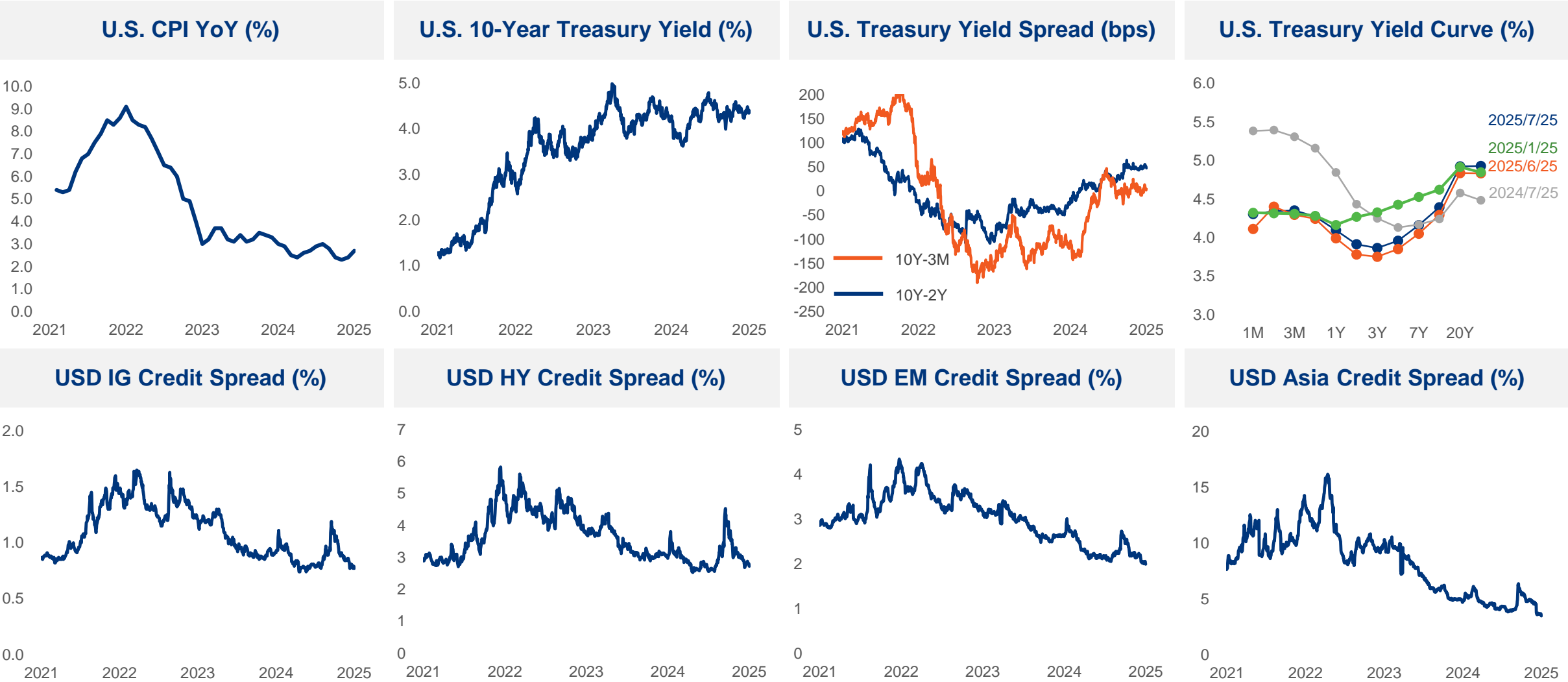
Source: Bloomberg, 25 July 2025

# Technical Analysis



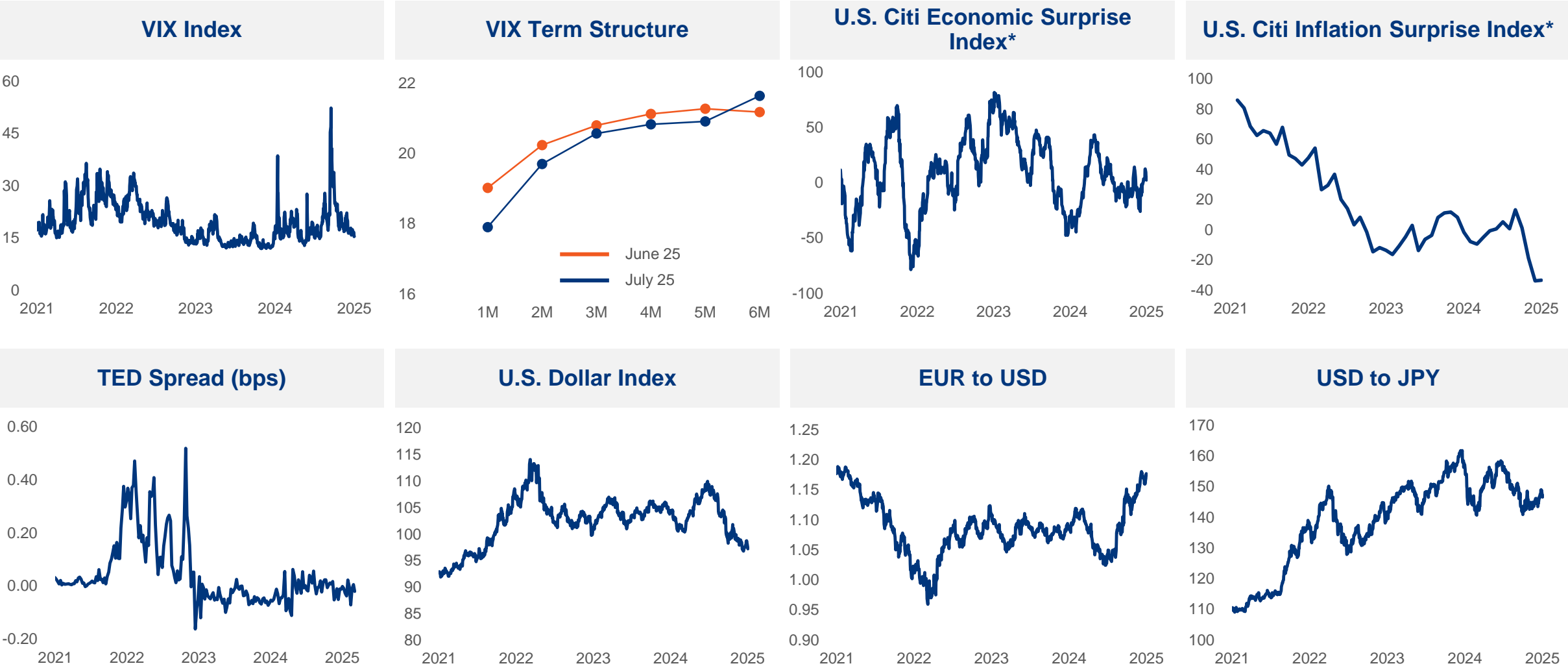
Source: Bloomberg, 24 July 2025

# Market Monitor



Source: Bloomberg, 24 July 2025

# Market Monitor



Source: Bloomberg, 24 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.

## Disclaimer and Important Notice

The information contained in the document herein is confidential and is not intended for general public distribution or for use by any person or entity located or residing in any jurisdiction which restricts the distribution of such information by KGI Asia Limited ("KGI") or any affiliate of KGI. Re-distribution of the document herein and any part thereof by any means is strictly prohibited. Such information shall not be regarded as an offer, invitation, solicitation or recommendation to invest in or sell any securities or investment products to any person or entity in any jurisdiction. The above information (including but not limited to general financial and market information, news services, market analysis and product information) is for general information and reference purpose only and may not be reproduced or published (in whole or in part) for any purpose without the prior written consent of KGI Asia Ltd. Such information is not intended to provide investment advice and should not be relied upon in that regard. You are advised to exercise caution, and if you are in any doubt about such information, you should seek independent professional advice.

You are advised to exercise caution and undertake your own independent review, and you should seek independent professional advice before making any investment decision. You should carefully consider whether investment is suitable in light of your own risk tolerance, financial situation, investment experience, investment objectives, investment horizon and investment knowledge.

No representation or warranty is given, whether express or implied, on the accuracy, adequacy or completeness of information provided herein. In all cases, anyone proposing to rely on or use the information contained herein should independently verify and check the accuracy, completeness, reliability and suitability of the information. Simulations, past and projected performance may not necessarily be indicative of future results. Information including the figures stated herein may not necessarily have been independently verified, and such information should not be relied upon in making investment decisions. None of KGI, its affiliates or their respective directors, officers, employees and representatives will be liable for any loss or damage of any kind (whether direct, indirect or consequential losses or other economic loss of any kind) suffered or incurred by any person or entity due to any omission, error, inaccuracy, incompleteness or otherwise, or any reliance on such information. Furthermore, none of KGI, its affiliates or their respective directors, officers, employees and representatives shall be liable for the content of information provided by or quoted from third parties.

Complex Products refers to an investment product whose terms, features and risks are not reasonably likely to be understood by a retail investor because of its complex structure. Investors should exercise caution in relation to complex products. Investors may lose the entire amount or more than the invested amount. For complex products with offering documents or information not reviewed by the Hong Kong Securities and Futures Commission (SFC), investors should exercise caution regarding the offer. For complex products described as SFC-approved, such approval does not imply official endorsement, and SFC recognition does not equate to a recommendation or assurance of the product's commercial viability or performance. Past performance data, if provided, is not indicative of future performance. Some complex products are only available to professional investors. Before making any investment decisions, investors should review the offering documents and other relevant information to understand the key nature, features, and risks of the complex products. Independent professional advice should be sought, and investors should have sufficient net assets to bear the potential risks and losses associated with the product. Members of the KGI group and their affiliates may provide services to any companies and affiliates of such companies mentioned herein. Members of the KGI group, their affiliates and their directors, officers, employees and representatives may from time to time have a position in any securities mentioned herein.

Bond investment is NOT equivalent to a time deposit. It is NOT protected under the Hong Kong Deposit Protection Scheme. Bondholders are exposed to a variety of risks, including but not limited to: (i) Credit risk - The issuer is responsible for payment of interest and repayment of principal of bonds. If the issuer defaults, the holder of bonds may not be able to receive interest and get back the principal. It should also be noted that credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the issuer; (ii) Liquidity risk - some bonds may not have active secondary markets and it would be difficult or impossible for investors to sell the bond before its maturity; (iii) Interest rate risk – When the interest rate rises, the price of a fixed rate bond will normally drop, and vice versa. If you want to sell your bond before it matures, you may get less than your purchase price. Do not invest in bond unless you fully understand and are willing to assume the risks associated with it. Please seek independent advice if you are unsure.

All investments involve risks. The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. Prices of securities and fund units may go up as well as down and past performance information presented is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein (in particular those associated with investments in emerging markets for funds investing in emerging markets)) in detail before making any investment decision. You are advised to exercise caution and undertake your own independent review, and you should seek independent professional advice before making any investment decision. You should carefully consider whether investment is suitable in light of your own risk tolerance, financial situation, investment experience, investment objectives, investment horizon and investment knowledge.