



CIO Office

Global Markets Weekly Kickstart



Political Turbulence Unlocks Bond Value

8 September 2025

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Geopolitical Tensions and Fed Cut Bets Lift Gold on Haven Demand



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U.S. Political, Economic Turmoil Presents Opportunity to Lock in Yields



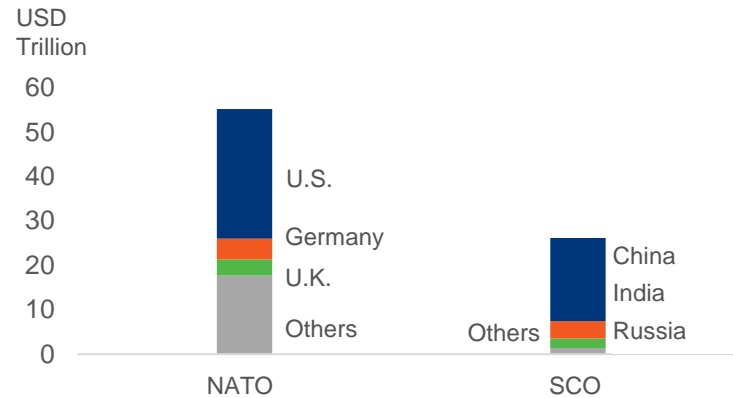
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Selection of Equities, Bonds and Funds/ETFs

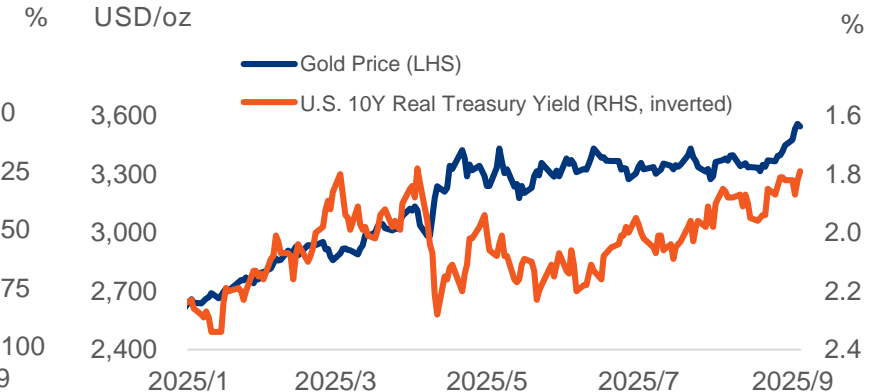
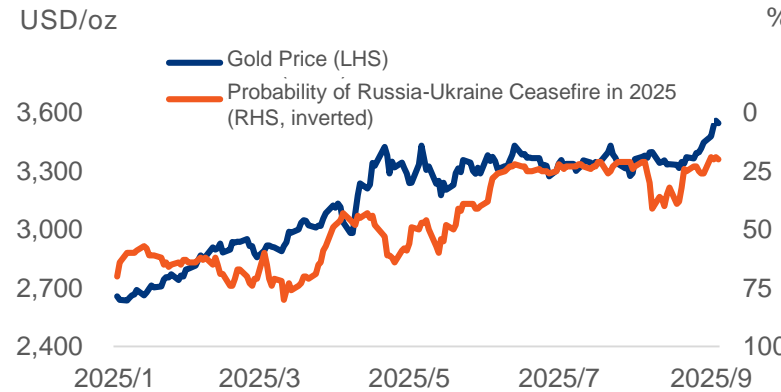
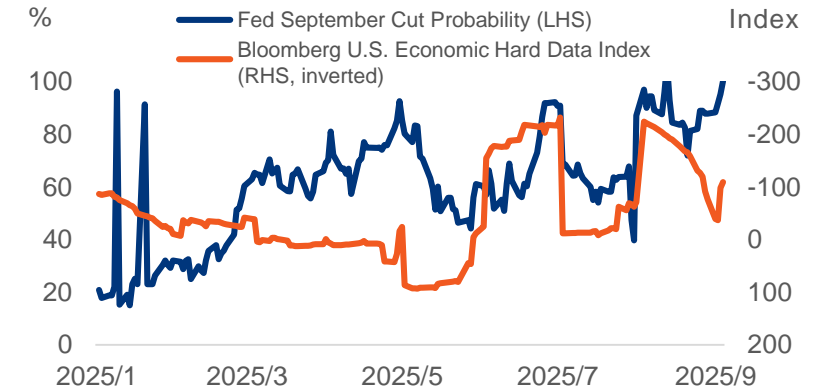
Geopolitical Tensions Persist; Hedging and Rate-Cut Bets Push Gold to Record High

- The Shanghai Cooperation Organization (SCO) summit was held in Tianjin Aug 31–Sep 1, where President Xi pledged RMB 2bn in aid to members including Russia and India. At the meeting, Putin said the West's push to bring Ukraine into NATO posed a direct threat to Russia's security, sparking the war. Despite SCO's economic and military scale, it remains unable to counter NATO under U.S. leadership. German Chancellor Merz expects the war to drag on, with persistent geopolitical risks sustaining haven demand and underpinning gold.
- Markets are focused on U.S. jobs data and Fed policy. Bloomberg estimates NFP gains at ~75k, marking a fourth month below 100k, reinforcing expectations for a Fed cut in September. Real Treasury yields have eased, while President Trump's dismissal of Governor Cook raised concerns over Fed independence. Both developments favor non-yielding gold. Attention now turns to inflation data, with August CPI due Sep 11.

NATO vs SCO: Wide Gap in Economic Scale



Fed Cut Bets and Lower Real Yields Support Gold

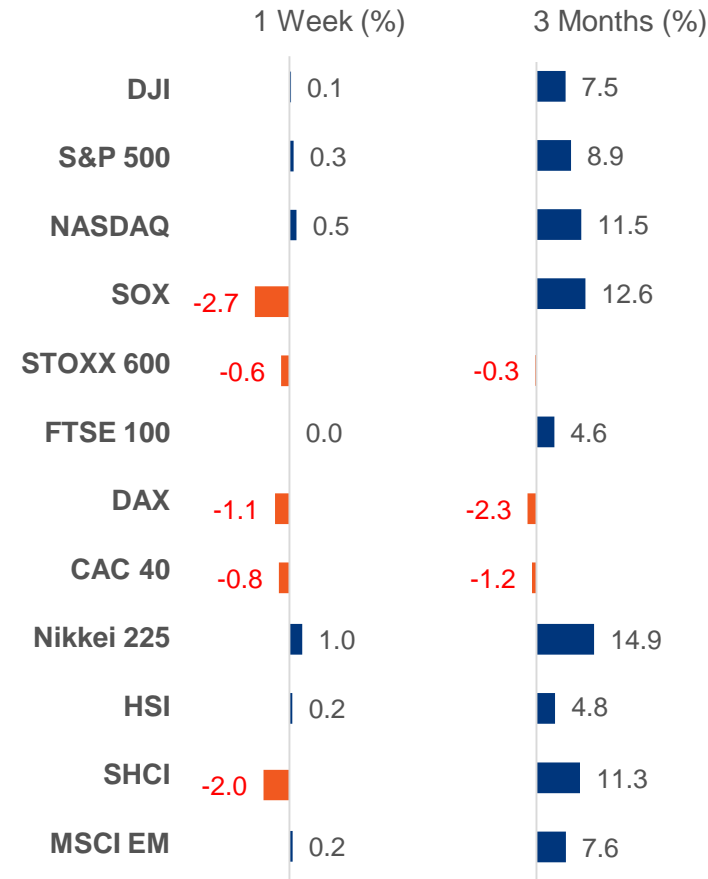


Market Recap

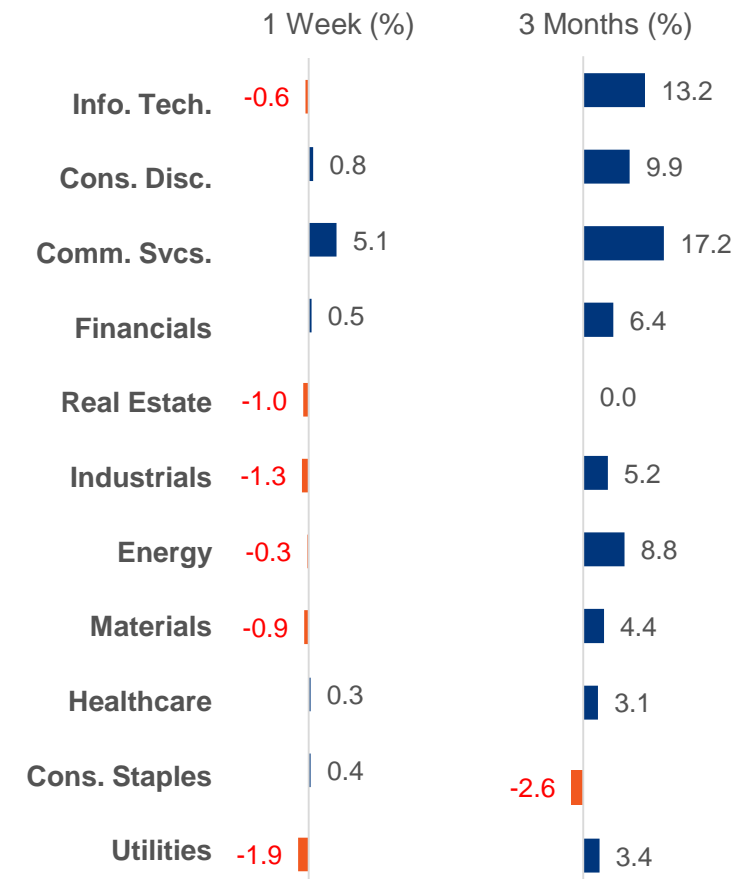
Trump Tariff Ruling Fuels Noise; U.S. Equities Mixed, Japan Stocks Extend Gains

- U.S. Aug ISM manufacturing PMI rose to 48.7, below consensus 49 but above July's 48, signaling demand recovery though production stayed weak. A U.S. court ruled Trump's tariffs illegal, adding to policy noise amid softening fundamentals, leaving U.S. equities mixed. Alibaba was reported testing in-house AI chips, weighing on Nvidia. Meanwhile, a court ruled Google need not be broken up and can keep paying handset makers for default search placement. Ahead of next week's Apple event, both Google and Apple advanced.
- In Europe, French PM Bayrou is pushing a new budget set for a Sep 8 confidence vote; a failed outcome could force his resignation. Lingering Russia-Ukraine tensions further added to uncertainty, leaving major European stocks mostly lower.
- In Japan, Trump signed an executive order cutting auto tariffs to 15%. Reports of Berkshire Hathaway raising stakes in Japanese trading houses, coupled with steady Fed cut expectations for September, fueled further inflows and extended equity gains.

Regional Index Performance (%)



U.S. Sector Index Performance (%)

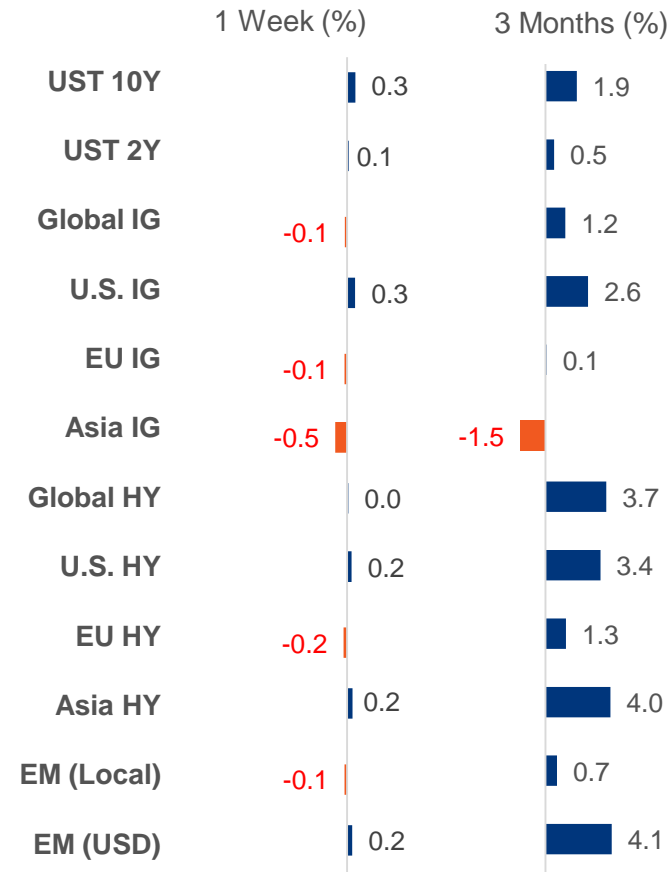


Source: Bloomberg, 5 Sep 2025

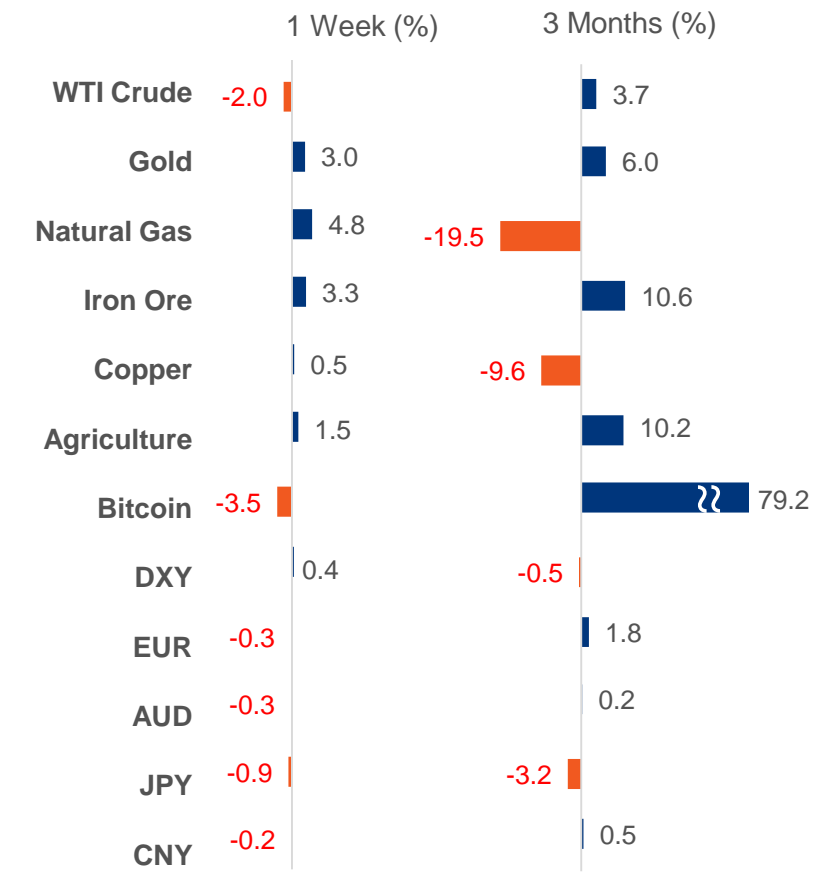
Markets Await Jobs Data; Treasuries Steady, Gold Hits Record, Yen Weakens

- ▶ Fed Governor Waller voiced support for a rate cut this month, while NY Fed President Williams signaled easing is nearing. Aug ADP jobs added only 54k, below expectations, and initial jobless claims rose to 237k, the highest since June. Markets now price over 90% odds of a September cut. Treasuries held steady, with attention shifting to Trump's Fed appointments and their implications.
- ▶ Concerns over Fed independence, heightened September cut expectations, and global political-economic uncertainty supported gold. Central bank reserves now hold more gold than U.S. Treasuries for the first time since 1996, propelling bullion above USD 3,600/oz.
- ▶ BoJ officials' comments added uncertainty to rate-hike prospects, while domestic political tensions weighed further on the yen. Rising concerns over tariff legality and Fed independence drove broader non-USD currencies weaker, leaving the dollar slightly firmer as markets await NFP and the Fed's next move.

Performance of Bonds (%)



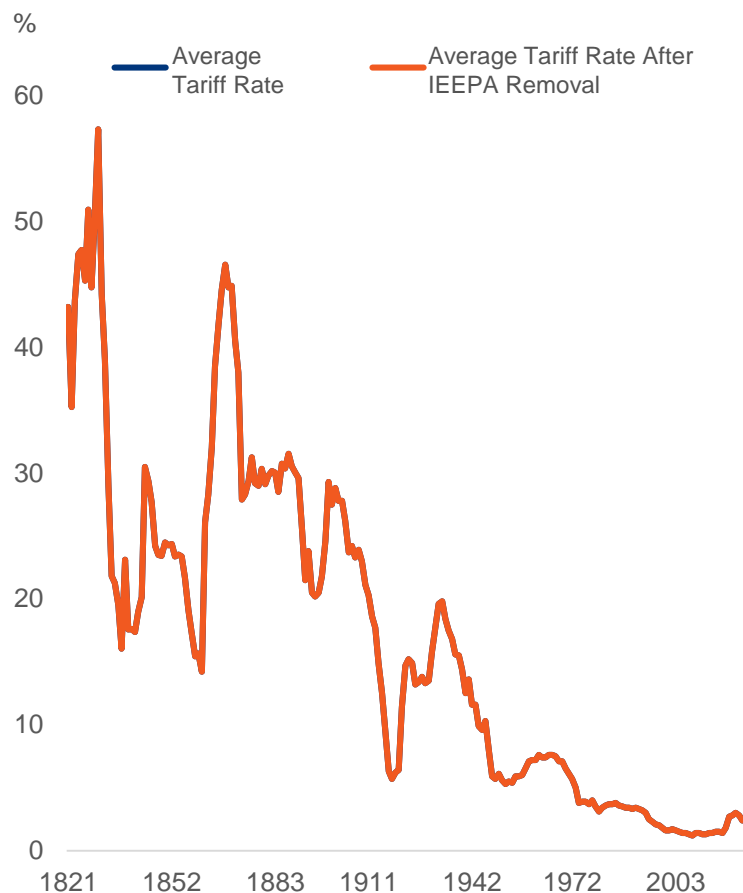
Performance of Commodities and Currencies (%)



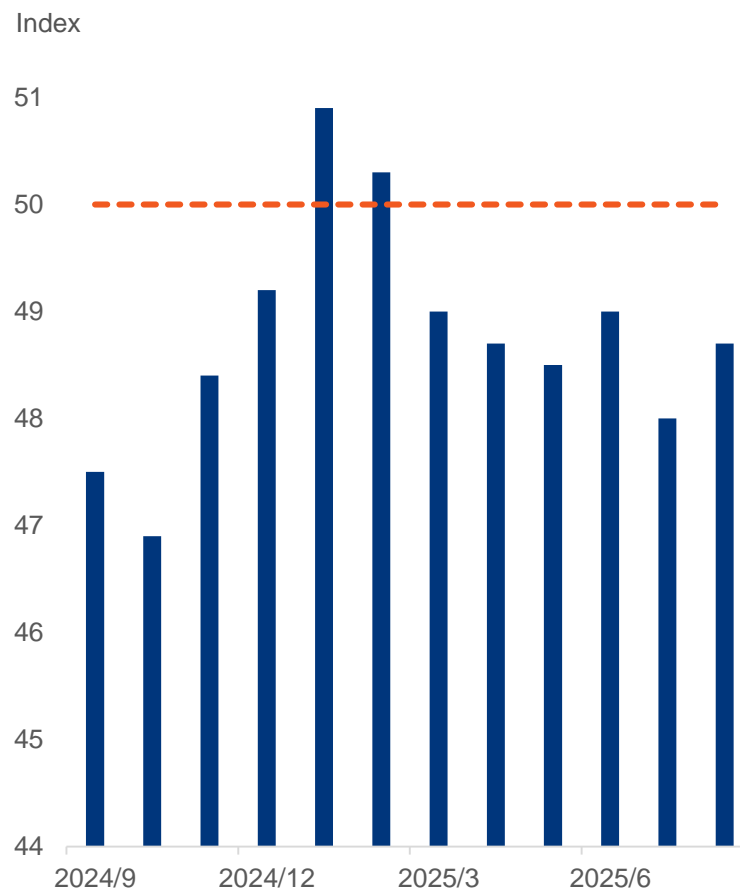
U.S. Court Rules Tariffs Illegal; Downturn Risks Point to 4Q Equity Correction

- ▶ On Aug 29, a U.S. appeals court ruled that the International Emergency Economic Powers Act (IEEPA) does not authorize Trump to impose tariffs. The decision affects tariffs imposed by executive order on fentanyl and reciprocal tariffs (excluding those on steel, aluminum, autos, auto parts, copper, Brazil's 50% tariff, and India's 50% tariff on Russian oil). This dealt a setback to Trump's tariff policy.
- ▶ The administration must appeal to the Supreme Court by Oct 14, but tariffs remain in effect. Trump may invoke alternative legal grounds to sustain them or retain only unaffected tariffs. While immediate suspension is unlikely, pending negotiations and agreements now face delays.
- ▶ Meanwhile, Aug U.S. manufacturing PMI rose to 48.7 from 48.0 but stayed below forecasts and marked a sixth straight month of contraction. Given PMI's correlation with the broader economy, 4Q U.S. equities face correction risk. Markets await a decisive Fed cut in September as a potential catalyst, while diversification into Europe is advised.

Average Tariff Falls to 4.1% After IEEPA Removal (vs 11.7% Before)



U.S. Manufacturing PMI Contracts for 6 Straight Months (Below 50%)



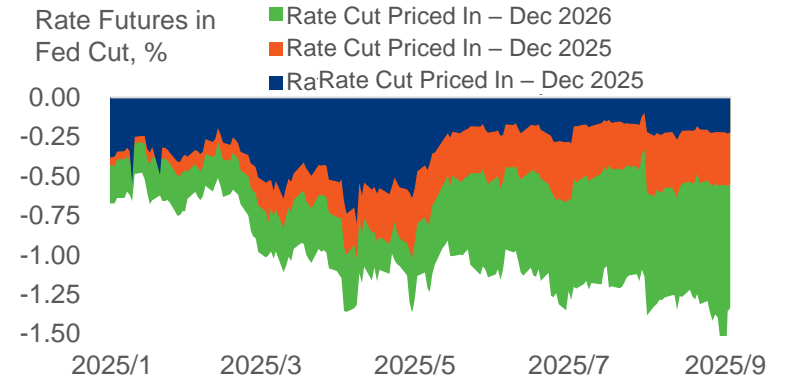
Fed Independence Undermined; Political, Economic Turmoil Lifts Term Premium

- ▶ President Trump dismissed Fed Governor Lisa Cook on mortgage fraud allegations, effective immediately, with the case now in court. After Powell resisted pressure to cut rates, Trump turned to personnel changes. With Kugler's early resignation and Miran appointed in her place, three governors now back Trump's rate-cut stance. In response, 593 economists signed an open letter opposing Cook's dismissal and defending Fed independence.
- ▶ Treasury Secretary Scott Bessent said interviews for the next Fed chair will begin this week, with betting markets favoring current Governor Christopher Waller.
- ▶ Political interference has heightened concerns over Fed independence, fueling volatility in U.S. Treasuries. The 30Y yield climbed back to 5%, with risks of greater long-end swings ahead as new regional Fed voters take office in February if Trump's interventions persist.

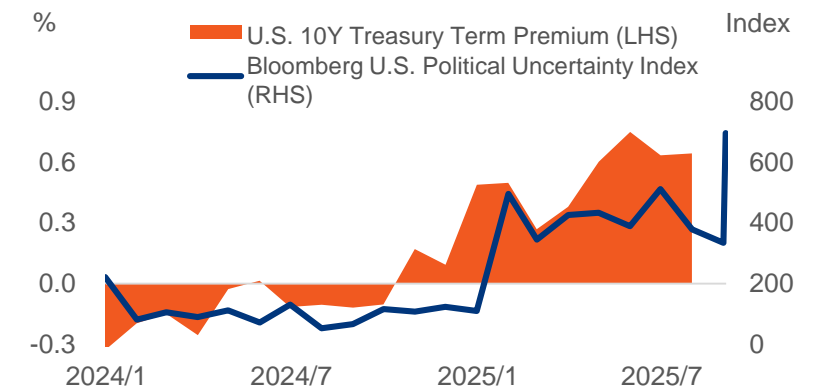
Trump Administration Pressures Fed Policy Independence

Stance	FOMC Members	2025	2026
Dovish	Kugler (Resigned) → Miran	Permanent	
	Waller	Permanent	
	Bowman	Permanent	
	Goolsbee (Chicago)	Regional	
	Jefferson	Permanent	
	Cook → Possibly Removed	Permanent	
	Kashikari (Minneapolis)		Regional
	Powell (Chair)	Permanent	
Neutral	Williams (New York)	Permanent	
	Collins (Boston)	Regional	
	Barr	Permanent	
	Paulson (Philadelphia)		Regional
Hawkish	Musalem (St. Lewis)	Regional	
	Logan (Dallas)		Regional
	Schmid (Kansas)	Regional	
	Hammack (Cleveland)		Regional

Rate Futures Price in Fed Cut in Sep 2025, Total 100 bps by End-2026



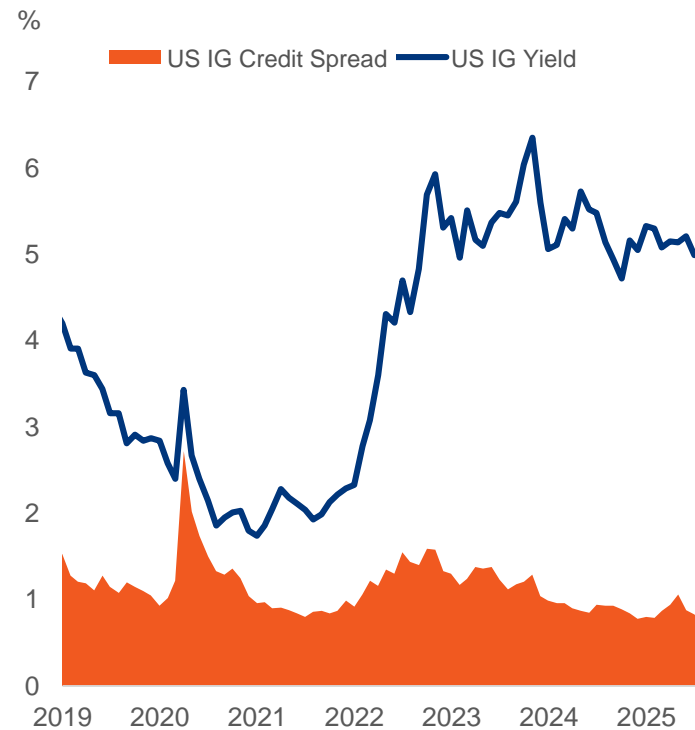
Political, Economic Turmoil Pushes U.S. Term Premium Higher



U.S. Investment Grade Bond Spreads Stay Tight; Market Volatility Revives Opportunities

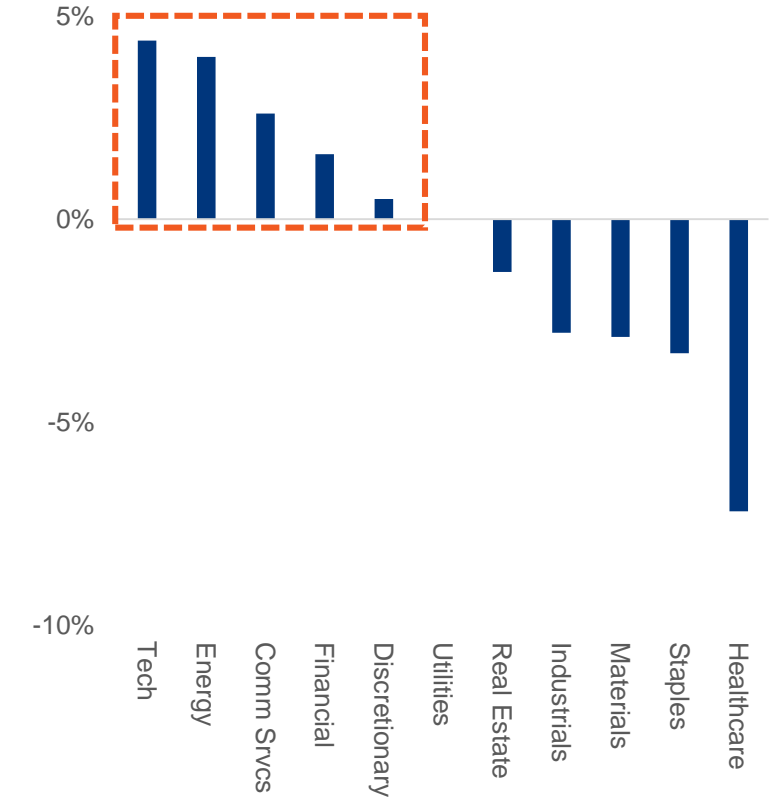
- ▶ Despite risks to Fed independence, U.S. corporate bond spreads have not widened, supported by three factors: (1) a likely restart of the Fed's rate-cut cycle, lowering refinancing costs; (2) continued earnings momentum, supporting credit strength; (3) 2.6% of issuers held positive outlooks in August, up from 2.2% at end-2024 and above the 1.6% median since 2010, suggesting upgrades could accelerate in the next three months.
- ▶ With credit conditions expected to remain stable over the next 3–6 months, investors are focusing on sectors with solid earnings such as technology, communication services, and financials. Notably, average corporate bond maturities have shortened in the past two years, reflecting rate-cut expectations and efforts to lower financing costs. With September a peak issuance month, corporate supply may crowd out Treasuries, adding volatility alongside tariff noise and Fed independence concerns. If yields rise, investors may look to lock in attractive levels via short- to mid-tenor IG bonds issued by large corporates.

U.S. Treasuries Face Uncertainty, But IG Spreads Stay Tight



Focus on U.S. IG Sectors With Earnings Growth

S&P 500 3Q EPS Estimate Revisions
(Jun 30–Aug 28), %



Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ With weak recent data, markets are watching whether the Fed will cut in September. Given stretched U.S. equity valuations, softer growth in 2H may add correction risk. A balanced sector allocation and investment flexibility are advised. Near term, increase exposure to high-quality, low-volatility stocks. For long-term investors, AI themes remain attractive, with software and cybersecurity favored; accumulate gradually on pullbacks. ◆ In Europe, fundamentals are improving and valuations are cheaper than U.S. equities, with U.K. and German stocks less exposed to trade risks. Japan's economy continues to strengthen, supported by tariff agreements, favoring domestic demand and banks on dips. 	<p>Strategy: Add high-quality, low-volatility stocks; long-term focus on AI, software, and cybersecurity; accumulate on pullbacks</p> <p>Regions: European equities, U.K. equities, Japanese domestic demand and banks</p>
Bonds	<ul style="list-style-type: none"> ◆ With signs of cooling growth and markets watching for Fed rate-cut signals in September, Treasuries saw mild swings. Favor high-quality, short- to mid-term bonds for yield lock-in. Within IG, A-rated and above blue-chip issuers are preferred. On a risk-adjusted basis, sectors with wider spreads include financials, industrials, energy, utilities, and communications. ◆ The dollar remains weak, supporting diversification into non-USD bonds, such as EUR- and SGD-denominated IG bonds. 	<p>Duration: Short- to mid-term high-quality bonds; focus on financials, industrials, energy, utilities, communications</p> <p>Sector: Financials, industrials, energy, utilities, communications</p>
Forex	<ul style="list-style-type: none"> ◆ With U.S. labor data softening and Fed personnel shifts turning more dovish, stronger-than-expected PPI adds uncertainty. The DXY may hold near term but is likely to stay weak medium to long term. ◆ Non-USD currencies such as EUR, JPY, and GBP are expected to trade with an upward bias. 	<p>USD: Weak, consolidating</p> <p>EUR, JPY, GBP: Choppy upward tilt</p>
Commodity	<ul style="list-style-type: none"> ◆ The USD is expected to weaken medium to long term as rate cuts lower yields, while inflation risks and fiscal deficit pressures persist. With central banks and investors continuing to accumulate gold, bullion retains upside potential and can be accumulated on pullbacks. 	<p>Gold: Bullish</p>

Geopolitics Reshaping Landscape; Domestic Substitution Wave Accelerates

► External Pressure Fuels Domestic Substitution

With U.S.-China tech rivalry intensifying, Washington announced ~100% tariffs on chipmakers without U.S. fabs in August, effectively targeting China's semiconductor industry. This external shock is set to accelerate China's semiconductor development, with supply-chain security now a top priority, driving a large-scale domestic substitution wave.

► Domestic Demand Sustains the Value Chain

This trend is creating strong market demand across design, manufacturing, and packaging. Despite weak global electronics consumption, Chinese foundries' utilization remains high, supported by order shifts from domestic clients—evidence of a structural shift underway.

► Market Demand and National Strategy Drive China's Semiconductor Sector

The domestic substitution wave is fueling internal demand, as geopolitical pressures push Chinese OEMs to shift supply chains onshore to ensure stability and security. At the same time, long-term policy support is strengthening the outlook. The State Council recently issued guidelines setting multi-year targets to expand AI adoption across key industries by 2027 and beyond, offering local semiconductor firms both a clear roadmap and tangible policy tailwinds.

Rising Number of Domestic In-House Chip Designs

Company	Chip Series
Cambricon	Siyuan
Baidu	Kunlun
Xiaomi	Xuanjie
Huawei	Ascend
Iluvatar CoreX (Tencent-backed)	Thinker
SemiDrive (Geely-backed)	Xuanling-1

Alibaba Group Holding Ltd (9988)

Closing Price HK \$129.8

Target Price HK \$164

The company operates six major business groups and other subsidiaries, including Taotian, Cloud Intelligence, International Digital Commerce, Cainiao, Local Services, and Digital Media & Entertainment.

■ Scaling Up AI and Cloud Capex

Alibaba's Cloud Intelligence revenue grew 26% YoY, beating expectations. Management remains confident that AI will continue driving demand for cloud services and plans RMB 380bn in AI and cloud infrastructure investment over the next three years—equal to the total of the past decade. With strong cash flow and a solid business base, Alibaba is well-positioned to fund new growth initiatives.

■ Synergies from Subsidies; Limited Negative Impact

In the latest subsidy competition, Alibaba extended subsidies not only on Ele.me but also on Taobao Flash Sales, covering instant retail and food delivery. The dual-platform strategy boosted traffic, with Flash Sales MAU tripling to 300m. As Flash Sales is embedded within the Taobao app, rising traffic strengthens synergies with Taobao and Tmall, increasing user stickiness and frequency. With improvements in other business lines, the profit drag from subsidies remains limited.

■ Earnings Beat Expectations

1Q FY26 revenue rose 2% YoY to RMB 247.7bn, or 10% on a comparable basis excluding divested assets. Adjusted EBITA fell 14% to RMB 38.8bn, but results overall topped market forecasts. Management is optimistic on Customer Management Revenue (CMR) and AI-cloud growth.

■ Positive Outlook, Resilient Earnings, TP Raised

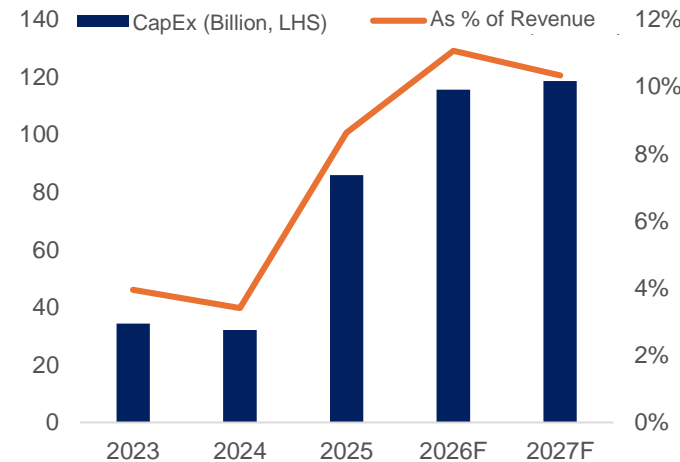
Cloud momentum remains strong, while subsidies highlight synergies across platforms. Market sentiment on Alibaba is improving, with a target price of HKD 164, implying 16.6x forward P/E.

Source: Bloomberg

Financials

	2023	2024	2025	2026F	2027F
Revenue (CNY Billion)	868	941	996	1045	1148
Revenue YoY	1.8	8.3	5.9	4.9	9.9
EPS (CNY)	6.8	7.8	8.2	6.8	8.9
EPS YoY	3.5	14.1	5.1	-17.1	31
ROE(%)	7.5	8.1	13	11.2	12.7

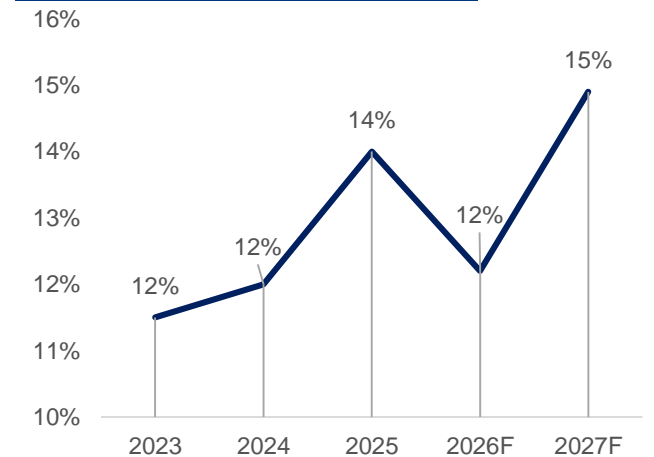
CapEx



Estimated P/E



Operating Profit Margin (%)



SMIC (0981)

Closing Price HK \$56.0

Target Price HK \$ -

The company engages in computer-aided design, manufacturing, testing, packaging, and trading of integrated circuits and other semiconductor services.

■ Domestic Substitution Trend Supports Growth, Utilization High

Amid China's push for supply-chain self-sufficiency, SMIC continues to benefit from order shifts by domestic clients. This structural trend provides a clear growth path, with utilization rates expected to stay elevated, offering a solid base for profitability. Domestic substitution remains the core driver of SMIC's mid-term growth.

■ AI Chips as New Growth Engine, Advanced Nodes Scarce

The rise of AI is fueling strong new demand for chips. Reports suggest SMIC is partnering with tech giants such as Alibaba to develop AI chips, highlighting its unique positioning in domestic advanced foundry capabilities. With China's surging need for high-performance computing chips, this segment could drive upside surprises in growth.

■ Valuation Reflects Growth Outlook; Wait for Pullback

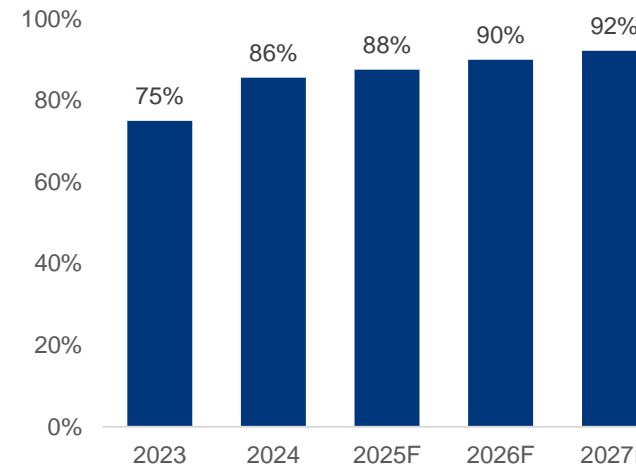
Although EPS CAGR for 2024–2028 is projected at 40%, current valuation already prices in high expectations. Based on 2026 earnings, the stock trades at 60.6x P/E, near historical highs. While U.S. export controls on advanced equipment have been partially priced in, long-term supply-chain risks remain. Given limited margin of safety, investors are advised to wait for a significant pullback before accumulating, to secure better risk-reward.

Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
Revenue (1B USD)	7.3	6.3	8.0	9.3	11.0
Revenue YoY	33.6	-13.1	27.0	15.7	18.1
EPS (USD)	0.23	0.11	0.06	0.09	0.13
EPS YoY	9.5	-52.2	-45.5	50.0	44.4
ROA (%)	10.0	4.6	2.4	3.2	4.2

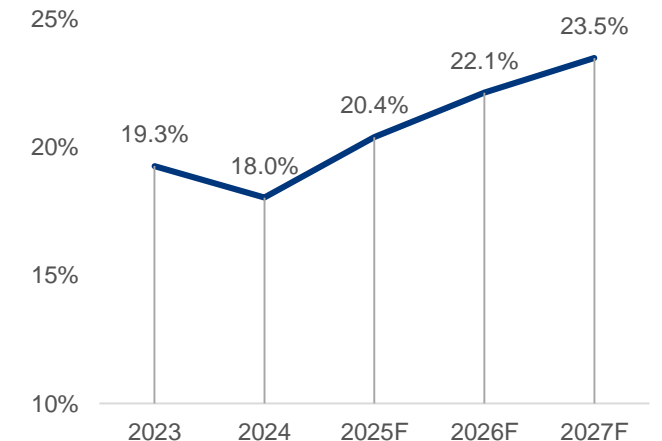
Capacity Utilization (%)



Estimated P/E



Gross Profit Margin



Hua Hong Semiconductor (1347)

Closing Price HK \$45.7

Target Price HK \$ -

The company engages in the production and sale of semiconductor products.

■ Domestic Substitution Wave Driving Orders

As China advances supply-chain self-sufficiency, Hua Hong's role as a key foundry has become increasingly strategic. Its core business in power management chips continues to see robust demand across high-growth areas such as AI, data centers, and industrial applications. Strong domestic orders provide a clear trajectory for long-term growth.

■ Heavy Capex to Meet Demand

To expand capacity and meet rising demand, Hua Hong is undertaking large-scale capital expenditures, including building advanced 12-inch fabs. This expansion will significantly raise depreciation costs in the near term, pressuring margins and profitability. However, it should be viewed as a strategic investment to reinforce market leadership and capture future growth opportunities.

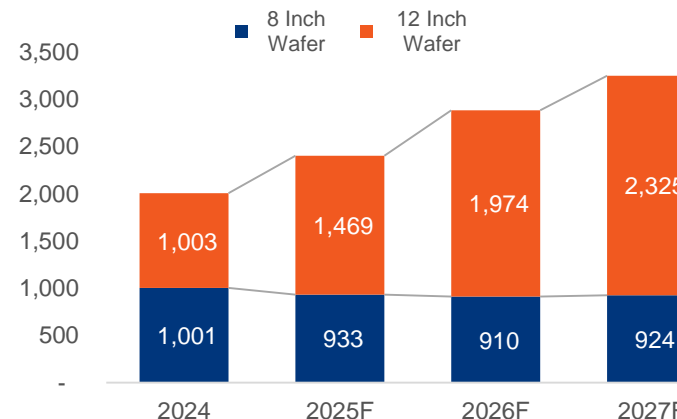
■ Valuation Already Prices in Growth; Wait for Pullback

Despite a forecast EPS CAGR of 64% for 2024–2027, valuation already reflects lofty expectations. Based on 2026 earnings, the stock trades at 55.5x P/E, near historical highs. With limited margin of safety, investors are advised to wait for a meaningful correction before positioning for a better risk-reward profile.

Financials

	2022	2023	2024	2025F	2026F
Revenue (1B USD)	2.5	2.3	2.0	2.4	2.9
Revenue YoY	51.8	-7.7	-12.3	19.8	21.6
EPS (USD)	0.34	0.19	0.03	0.04	0.11
EPS YoY	161.5	-44.1	-84.2	33.3	175.0
ROA (%)	15.6	6.1	0.9	1.1	2.6

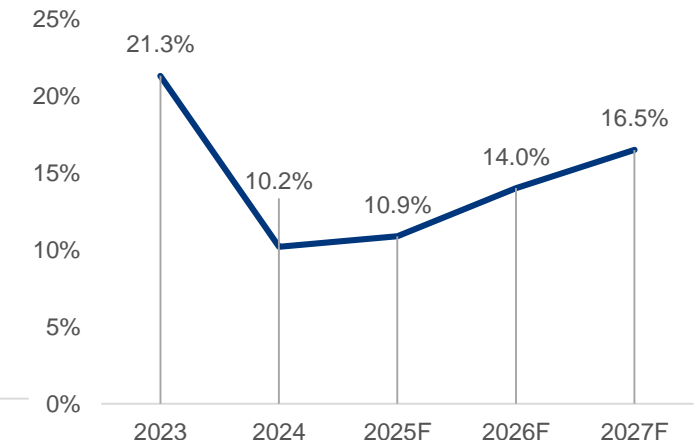
Revenue Sources



Estimated P/E



Gross Profit Margin



Source: Bloomberg



Rising Fiscal Deficits Drive Gold to Fresh Record

- ▶ U.S. Aug nonfarm payrolls rose just 22k, far below July's upwardly revised 79k and expectations of 75k, signaling continued labor-market cooling. June payrolls were revised down by 27k, while July was revised up by 6k, leaving a net 21k fewer jobs than previously reported. Unemployment rose to 4.3% from 4.2%, in line with expectations.
- ▶ ADP data showed 54k private jobs added in August, below forecasts of 68k and sharply lower than July's revised 106k. Hiring slowed overall, though leisure & hospitality and construction showed relative strength.
- ▶ ISM manufacturing PMI edged up to 48.7 in August from 48.0, still below 49 and in contraction for a sixth straight month. ISM services PMI climbed to 52 from 50.1, beating expectations of 51, marking the fastest expansion in six months.
- ▶ Mounting fiscal deficits worldwide and surging bond issuance, combined with waning demand from traditional buyers such as central banks and pension funds, have created supply-demand imbalances. Investors sold off long-dated sovereign bonds, driving 30Y yields higher globally. Japan's 30Y yield hit a record 3.3%, U.S. yields touched ~5%, and U.K. yields reached 5.6%–5.7%. At the same time, investors followed central banks in boosting gold holdings. With markets widely expecting the Fed to cut rates in September and the USD remaining weak, precious metals gained further momentum.

Global M2 Money Supply (USD bn, White) vs Gold Price (USD/oz, Yellow)



Newmont Corp (NEM)

Closing Price	US \$76.17	Target Price	US \$85		
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Newmont engages in the acquisition, exploration, and development of mineral resources. It produces and sells gold, copper, silver, zinc, and lead, serving customers worldwide.

Key Features

Central Banks Increasing Gold Reserves

Gold prices are supported by Fed cut expectations, rising concerns over Fed independence, and strong demand from both investors and central banks. WGC data shows many central banks plan to raise the share of gold in reserves over the next five years while reducing USD exposure.

Debt Worries Favor Gold

Mounting concerns over sovereign debt deficits are driving expectations of more long-dated issuance to fill fiscal gaps. Rising supply and sustainability risks have boosted gold's role as a hedge against fiscal stress and sovereign credit deterioration.

Digital Gold Trading

The WGC is preparing to launch digital gold, enabling digitalized trading, settlement, and collateralization. While some investors value gold's physical nature as a safe-haven asset, digitalization could broaden access and liquidity, attracting incremental institutional and retail demand.

2Q FY25 Earnings Beat

Revenue rose 20.9% YoY to USD 5.32bn, beating forecasts by USD 400m. Non-GAAP EPS came in at USD 1.43, above estimates by USD 0.27. Cost reductions are underway, targeting USD 300/oz savings. FY25 production is guided at 5.6m oz.

Valuation Consensus

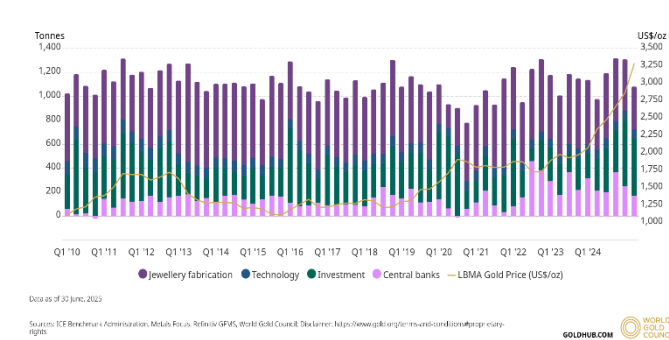
Bloomberg 12m average TP is USD 74.30 (high: USD 86.00; low: USD 58.04).

Source: Bloomberg

1-Year Price



Gold Demands & Gold Price

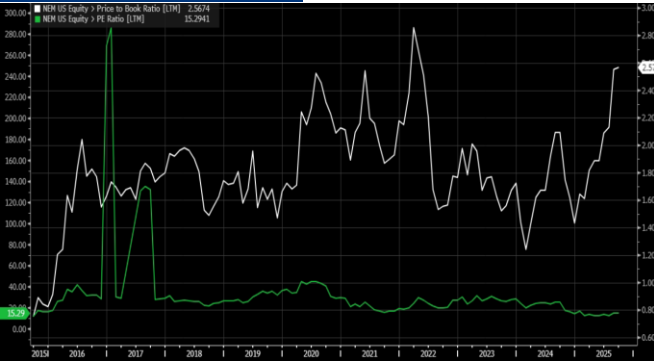


Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	-2.5	-0.9	58.2	10.1	-0.5
EBITDA(%)	38.5	34.5	44.6	54.7	56.1
EPS (USD)	1.84	1.59	3.48	5.29	5.44
Net Profit Margin(%)	12.3	11.4	21.4	29.0	28.8

Source: Bloomberg; 2025/26F are market estimates

P/E & P/B



First Majestic Silver Corp (AG)

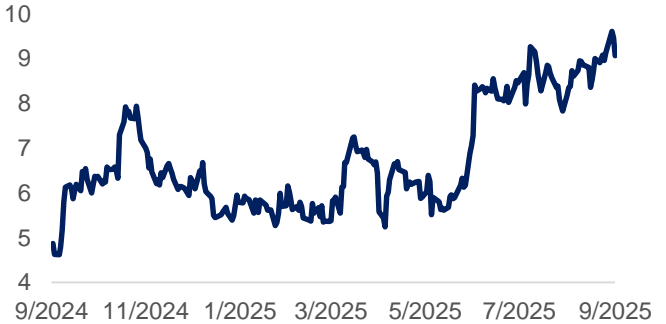
Closing Price	US \$9.15	Target Price	US \$10.0
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First Majestic Silver is a Mexico-focused silver producer, operating La Parrilla, San Martin, La Encantada, La Guitarra, Del Toro, and Santa Elena silver/gold mines.

Key Features

- Hedge Against Rising Sovereign Debt Issuance**
Recent indicators show surging government debt issuance. Rising supply and higher yields may reflect waning confidence in fiat currencies, benefiting First Majestic as investors shift to precious metals. This supports higher silver prices, lifting profitability and share performance.
- Indirect Beneficiary of Digital Gold Trading**
The WGC’s push for digital gold could indirectly favor silver, as investors valuing tangible assets may turn to physical silver. With gold increasingly financialized, silver’s dual role as both a safe-haven asset and an industrial metal could attract new demand.
- 2Q FY25 Miss, But Dividend Raised**
Revenue rose 94% YoY to USD 264.2m, missing estimates by USD 18.52m. Non-GAAP EPS was USD 0.04, below forecasts by USD 0.01. The board declared a quarterly dividend of USD 0.0048/sh, up 6.7% from USD 0.0045, payable Sep 15. FY25 guidance remains 30–32m oz silver production and USD 1bn revenue.
- Valuation Consensus**
Bloomberg 12m average TP is USD 10.07 (high: USD 12.75; low: USD 7.50).

1-Year Price



Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	6.9	-8.1	-2.3	86.3	-0.5
EBITDA(%)	15.5	13.6	22.0	46.5	51.7
EPS (USD)	-0.43	-0.01	-0.34	0.15	0.15
Net Profit Margin(%)	-18.2	-0.3	-17.9	10.0	10.2

Source: Bloomberg; 2025/26F are market estimates

Gold-Silver Ratio



P/E & P/B



Source: Bloomberg



Taiwan Equities See Fierce Tug-of-War; Defense Plays in Focus

► Short-Term Pullback Pressure; Watch Key Moving Averages

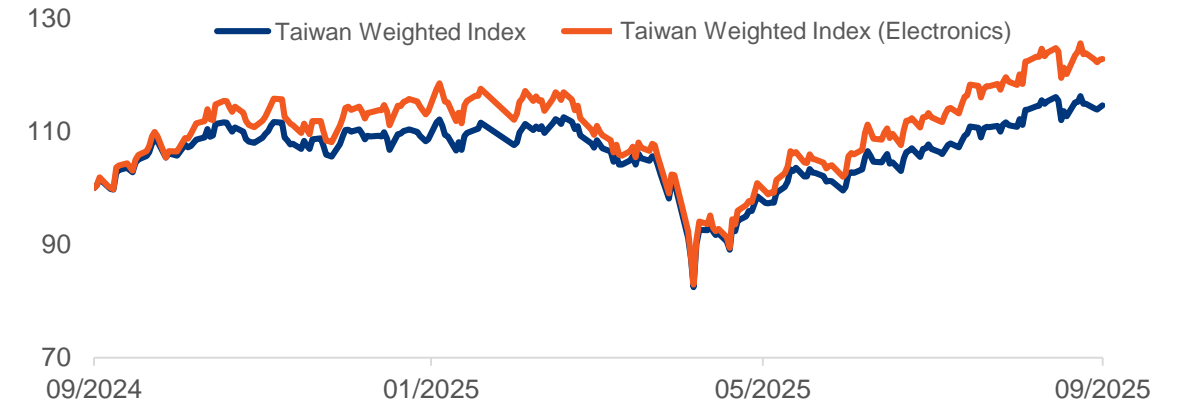
Taiwan equities opened lower this week and traded choppily. Technically, after last Thursday's bearish candle with an upper shadow, the index consolidated around the 20-day MA before rising on higher volume Thursday, though gains faded near 24,389. With the 5-, 10- and 20-day MAs still entangled, the uptrend remains intact as long as the index holds above the 20-day MA.

► Electronics in Consolidation; Defense Stocks in Spotlight

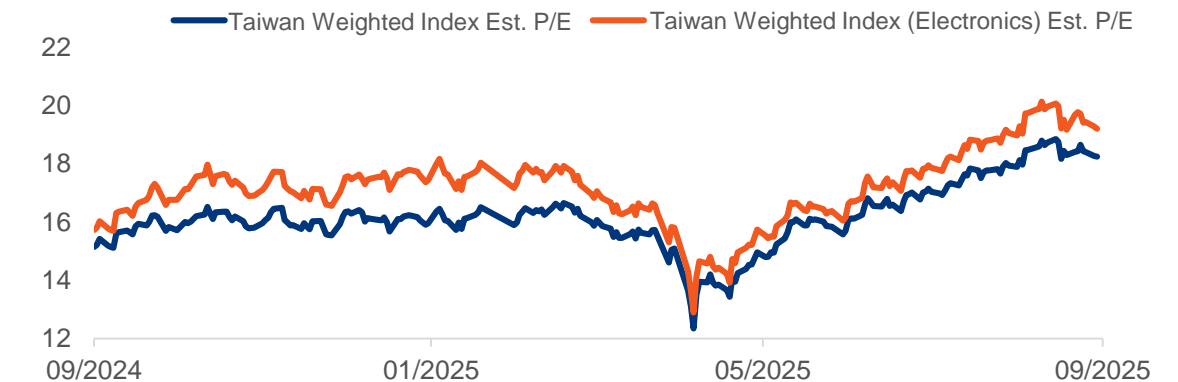
Financials and non-tech sectors rotated to support the market, but whether electronics can stabilize will be key to sustaining the bull trend. With next year's defense budget set to exceed NT\$900bn, shipbuilding and drone names remain hot themes. After a strong rally, many leaders are seeing volatile pullbacks, making aggressive chasing unwise. Short-term focus should remain on stocks holding above short-term or monthly MAs and those showing relative resilience. Near-term, the market still faces pullback pressure amid intense bull-bear battles.

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

Index, 4 Sep 2024 = 100



Index Est. P/E



Source: Bloomberg

Asia Vital Components (3017 TT)

Asia Vital Components manufactures heat sinks, heat pipes, DC fans, and thermal modules for PCs, notebooks, and power supplies.

Key Features

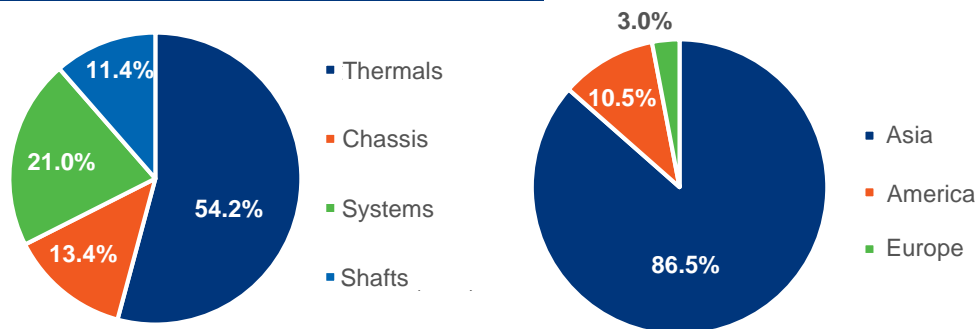
■ 3Q25 GB300 Shipments Begin

The company started shipping GB300 switch-tray liquid cooling plates in July, followed by compute-tray cooling plates in late August, with mass assembly slated for 4Q25. The GB300 cycle is expected to last longer than GB200, with improved assembly efficiency after multiple debug fixes. Shipment volumes could rise ~50%, supporting stronger operations in 2H25 and 2026.

■ GB300 and iPhone 17 Thin VC Shipments Drive Growth

We estimate 2026 EPS at NT\$61.36 (+41% YoY), reflecting higher revenue forecasts. Outlook remains bright as the company expands in PCs, smartphones, and servers, offering integrated solutions across thermal components, structural parts, chassis, and cabinets—enhancing competitiveness and market share.

Revenue Sources and Regions



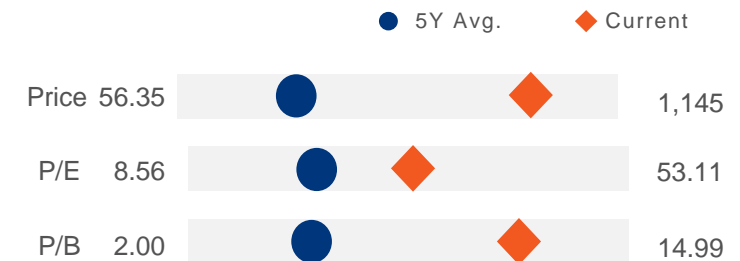
Source: Bloomberg

Financials

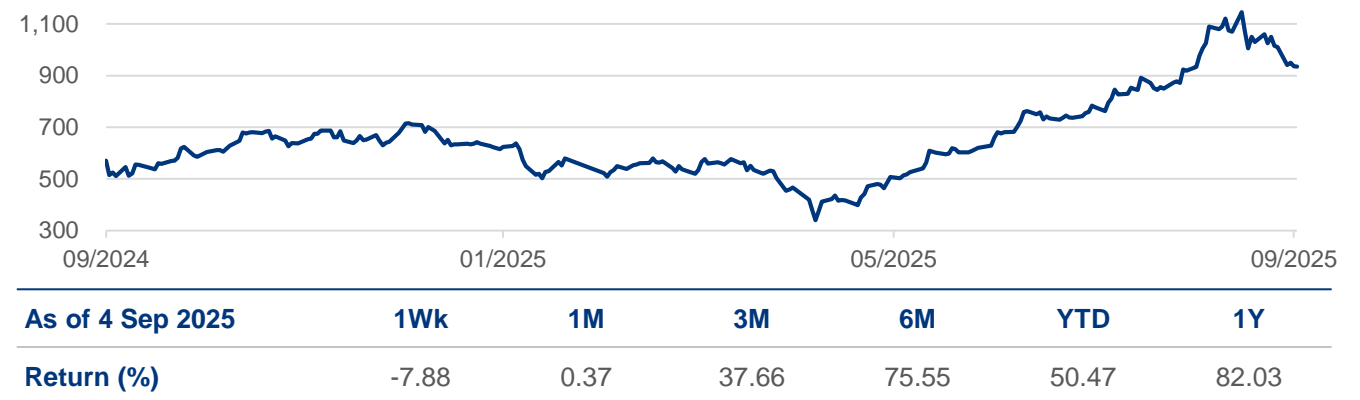
	2022	2023	2024	2025F	2026F
EPS (NTD)	11.78	14.11	21.21	43.38	61.36
EPS Growth (%)	43.5	19.7	50.4	104.5	41.4
P/E Ratio	80.6	67.7	44.7	21.9	15.5
ROE (%)	29.8	28.3	32.1	50.9	55.1

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



ASROCK (3515 TT)

ASRock focuses on motherboard sales and R&D, primarily in the mid-to-low-end segment, marketing its brand globally in the clone assembly market. In recent years, it has expanded into PCs and servers.

Key Features

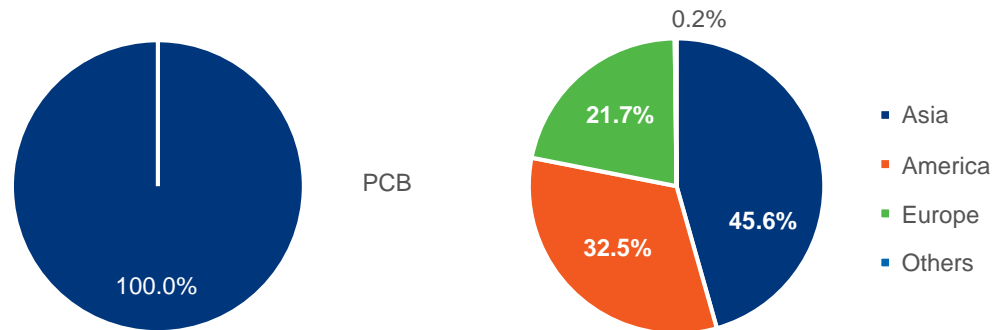
■ Growth Expected to Resume in 4Q25

Revenue is expected to rise QoQ in 4Q25, driven by stronger motherboard demand and easing supply constraints in servers and GPUs. Price adjustments should lift AI server margins, while additional orders for general-purpose servers further support profitability.

■ Servers as 2026 Growth Driver

AI servers are set to be the key growth driver in 2026, with B300 HGX servers becoming the revenue core from 1Q26. The company continues to secure orders from Neocloud and tier-2/3 CSPs. It has also won multiple new projects for general server motherboards and systems, positioning general server revenue for YoY growth in 2026. Reflecting stronger-than-expected server order outlook, we raise 2026 EPS forecast to NT\$24.28 (+46% YoY).

Revenue Sources and Regions



Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
EPS (NTD)	8.69	7.54	10.54	16.61	24.28
EPS Growth (%)	-55.8	-13.2	39.8	57.6	46.2
P/E Ratio	30.4	35.1	25.1	15.9	10.9
ROE (%)	13.0	11.3	14.8	20.9	27.1

Source: Company data, estimates of KGI analyst

Valuations

		5Y Avg.	Current	
Price	83.00			308.50
P/E	5.21			71.83
P/B	1.22			4.61

1-Year Price



As of 4 Sep 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-7.65	-8.47	19.86	4.85	12.10	32.06

Mutual Funds/ ETFs

France Faces Sovereign Crisis; Opportunity to Lock in Bond Yields

► PIMCO GIS Income Fund

- PIMCO, one of the world's leading bond managers with USD 2tn AUM, runs a diversified fixed-income portfolio designed to deliver resilience across market cycles and generate stable returns through a prudent approach.
- Duration is actively managed to address uncertainty and growth risks. With a proven track record, the fund won the "Lipper Fund Award Hong Kong 2023" for Best Global Bond USD Fund (10 years).
- It offers monthly income share classes, with the latest annualized distribution yield at 6.25% (Class E USD).

► AB – European Income Portfolio

- The fund employs a diversified barbell strategy, balancing exposure across European sovereigns and corporates. About 60% is in IG bonds, including multiple European sovereigns and corporates across industries, while ~40% is in HY bonds, adding upside potential and supporting attractive yields.
- The portfolio's asset allocation and duration positioning are dynamically adjusted to stay ahead of market shifts, sustaining income and growth momentum.
- Monthly income share classes are available, with the latest annualized distribution yield at 5.51% (Class AA EUR) and 7.71% (Class AA USD hedged).

Source: Bloomberg

Product	PIMCO GIS Income Fund		AB – European Income Portfolio	
Features	<ul style="list-style-type: none"> ■ Duration is actively managed to address uncertainty and growth risks. With a proven track record, the fund won the "Lipper Fund Award Hong Kong 2023" for Best Global Bond USD Fund (10 years). 		<ul style="list-style-type: none"> ■ The portfolio's asset allocation and duration positioning are dynamically adjusted to stay ahead of market shifts, sustaining income and growth momentum. 	
AUM	USD 100.6 Billion		EUR 1.543 Billion	
3M/YTD Return	16.10% / 23.53%		11.07% / 18.22%	
Asset Classes (%)	MBS	53.03	Corp Bonds	60.84
	Treasuries	19.80	Treasuries	18.91
	Corp Bonds	19.39	Cash & Equiv	15.31
	Cash & Equiv	7.78	MBS	4.94
Ratings (%)	AAA	14.5	AAA	22.30
	AA	59.5	AA	5.97
	A	5.9	A	13.82
	BBB	9.3	BBB	16.75
	BB	3.9	BB	22.52
Regions (%)	U.S.	87.1	Germany	20.80
	U.K.	13.5	U.K.	17.92
	Australia	5.6	France	12.76
	Mexico	1.5	U.S.	9.95
	Peru	1.3	Spain	7.98
Holdings (%)	FNMA TBA 6.0% MAY 30YR	10.5	Bundesrepublik Deutschland 6.25%, 01/04/30	10.71
	FNMA TBA 6.5% JUN 30YR	10.2	Bundesrepublik Deutschland 5.50%, 01/04/31	2.42
	FNMA TBA 5.0% MAY 30YR	8.5	United Kingdom Gilt 4.75%, 10/22/43	2.26
	FNMA TBA 5.5% MAY 30YR	6.8	Spain Government Bond 4.70%, 07/30/41	1.90
	FNMA TBA 6.0% JUN 30YR	3.2	European Union 3.375%, 10/05/54	1.12

PIMCO GIS Income Fund

Profile

The fund invests primarily in fixed-income instruments across varying maturities, aiming to deliver higher and sustainable income without sacrificing long-term capital appreciation.

Global Diversification

Holdings span IG bonds, HY bonds, EM debt, and MBS, helping diversify risk while capturing opportunities across markets. This strategy provides stable and diversified return sources.

Experienced Management

Actively managed by PIMCO—one of the world’s largest fixed-income managers—the fund dynamically adjusts allocations based on market conditions, delivering relatively resilient long-term performance.

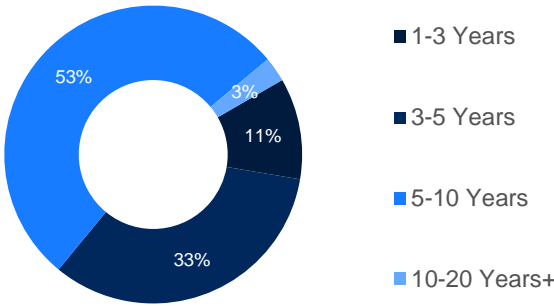
Strong Ratings

With large AUM, an average credit rating of AA-, and a 4-star Morningstar rating, the fund is widely trusted by global investors.

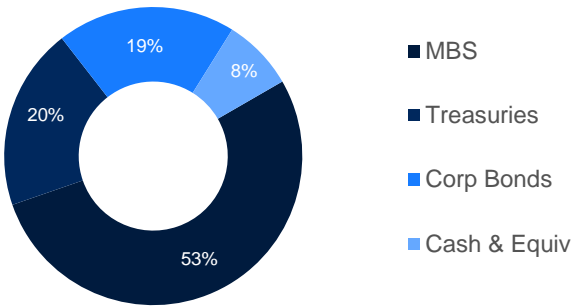
Inception Date	2012/11/30	AUM	USD 100.6 Billion
Morningstar Category	Global Bond	Fund Category	Bonds
Morningstar Rating	★★★★	3Y Stand. Dev. (Ann.)	5.62%

Source: PIMCO

Maturity



Assets



Top-5 Holdings (%)

FNMA TBA 6.0% MAY 30YR	10.5
FNMA TBA 6.5% JUN 30YR	10.2
FNMA TBA 5.0% MAY 30YR	8.5
FNMA TBA 5.5% MAY 30YR	6.8
FNMA TBA 6.0% JUN 30YR	3.2

3 Year NAV



As of 2 Sep 2025	1M	3M	YTD	1Y	3Y	5Y
USD Cumulative Return (%)	0.47	3.23	6.09	6.35	15.32	19.56
Quartile Ranking Within Category	3	1	1	1	3	2

AB – European Income Portfolio

Profile

The fund invests primarily in IG and HY fixed-income securities issued by European corporates and sovereigns, denominated in EUR or other European currencies.

■ Focus on European Fixed Income

Holdings span multiple European countries across sovereign and corporate issuers. With an effective duration of 5.66 years, the fund suits investors seeking diversified exposure to European fixed income.

■ Barbell Strategy

The portfolio combines IG and HY securities in a barbell approach to balance income potential and capital appreciation. Up to 50% of assets may be allocated to sub-IG bonds, with the current average rating at BBB+.

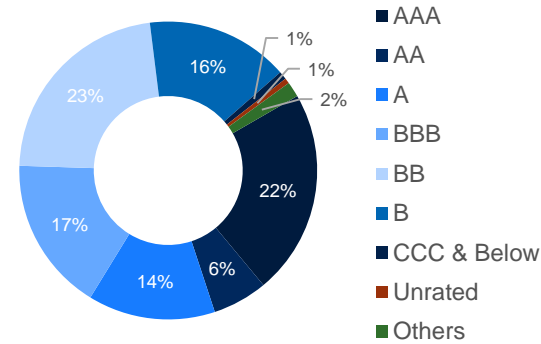
■ Monthly Distribution and Currency Flexibility

The fund offers monthly payout share classes and multiple currency options, including EUR and USD, with hedged classes available in AUD, HKD, CNY, SGD, and USD.

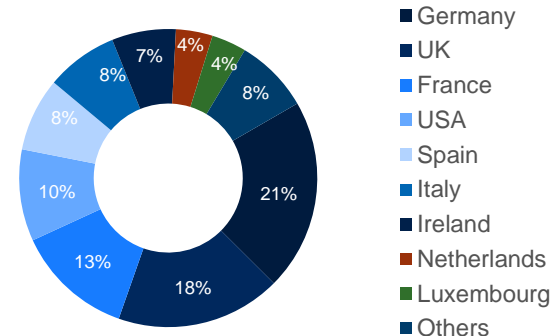
Inception Date	1999/2/26	AUM	EUR 1.543 Billion
Morningstar Category	Other Fixed Income	Fund Category	Bond
Morningstar Rating	★★★	3Y Stand. Dev. (Ann.)	5.06%

Source: AB Fund

Ratings



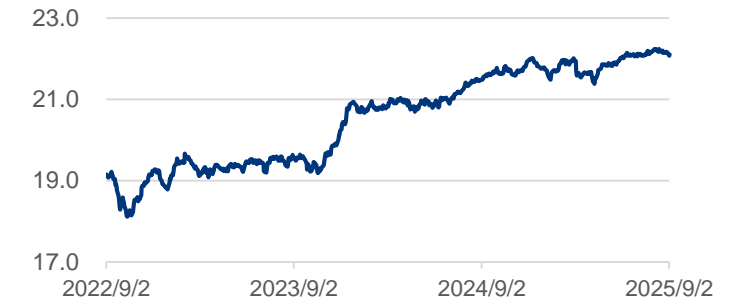
Regions



Top-5 Holdings (%)

Bundesrepublik Deutschland 6.25%, 01/04/30	10.71
Bundesrepublik Deutschland 5.50%, 01/04/31	2.42
United Kingdom Gilt 4.75%, 10/22/43	2.26
Spain Government Bond 4.70%, 07/30/41	1.90
European Union 3.375%, 10/05/54	1.12

3 Year NAV



As of 2 Sep 2025	1M	3M	YTD	1Y	3Y	5Y
USD Cumulative Return (%)	-0.54	0.23	1.33	2.79	12.72	15.25
Quartile Ranking Within Category	2	2	2	2	2	2



September Cut Bets Reinforce Rate Outlook; Allocate Quality Bonds to Lock in Yield

► STANLN 5.005 10/15/30 (Standard Chartered) (USD)

- Standard Chartered’s profitability has steadily improved in recent years, driven by recurring revenue growth across key business segments and cost-optimization efforts.
- Asset quality has strengthened since 2021. The group has reduced its China commercial real estate (CRE) portfolio by ~46% since end-2021; as of Jun 30, 2024, exposure accounts for only ~1% of total loans. While the CRE NPL ratio is elevated at 68%, coverage is 77%, suggesting limited future impact from China property risks.
- Capital ratios remain robust, with CET1 at 14.3% as of Jun 2025. Management expects CET1 to stay in the 13%–14% range over the medium term. In Sep 2024, Moody’s revised Standard Chartered’s outlook to “Positive” from “Stable.”

Product	STANLN 5.005 10/15/30 (Standard Chartered) (USD)
ISIN	XS2914003533
Features	Standard Chartered's profitability has steadily improved in recent years, supported by recurring revenue growth across key business units and cost-optimization initiatives.
Maturity Date	2030/10/15
Next Call Date	2029/10/15
Coupon (%)	Float/5.005/Semi-annual
Currency	USD
Years to Maturity	5.11
Credit Rating (Moody's/Fitch/S&P)	A3/A/BBB+
Seniority	Senior Unsecured
YTM/YTC (%)	4.63/4.50

Source: Bloomberg

STANLN 5.005 10/15/30

Profile

Standard Chartered’s profitability has steadily improved in recent years, supported by recurring revenue growth across key business units and cost-optimization initiatives.

- Asset quality has also strengthened since 2021. The group has cut its China commercial real estate (CRE) portfolio by ~46% since end-2021. As of Jun 30, 2024, CRE exposure represented only ~1% of total loans. While the CRE NPL ratio stood at 68%, coverage was 77%, suggesting limited impact from China property risks ahead.
- Capital strength remains solid, with CET1 at 14.3% as of Jun 2025. Management expects CET1 to stay within the 13%–14% range over the medium term. In Sep 2024, Moody’s revised Standard Chartered’s outlook to “Positive” from “Stable.”

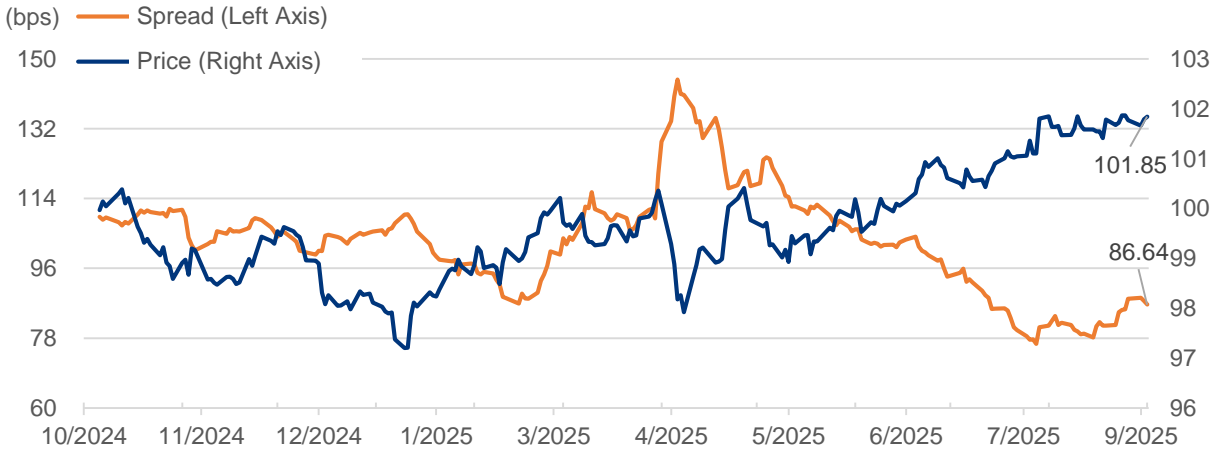
Financials	2022	2023	2024
Common Equity Tier 1 (%)	14.00	14.10	14.20
Liquidity Coverage Ratio (%)	147	145	138
Return on Tangible Equity (ROTE)	6.54	7.99	9.35

Source: Bloomberg; Note: The coupon resets on Sep 4, 2025, paying Semi-annually. The reset rate will be based on UST 1Y Yield plus 1.53455% over the bond yield at issuance.

Overview

Name	STANLN 5.005 10/15/30	ISIN	XS2914003533
Maturity Date	2030/10/15	Remaining Maturity	5.11
Coupon(%)	Float/5.005/Semi-annual	YTM/YTC(%)	4.63/4.50
Currency	USD	Min. Subscription/ Increment	200,000/1,000
Ratings (Moody's/Fitch/S&P)	A3/A/BBB+	Seniority	Senior Unsecured

Price (New Issued Bond)



Appendix

Key Economic Data / Events

► SEP 2025

1

Monday

- EZ Jul Unemp Rate (Act:6.2% Est:6.2% Prev:6.3%)
- EZ Aug HCOB Mfg PMI Final (Act:50.7 Est:50.5 Prev:49.8)
- JP Aug S&P Global Mfg PMI Final (Act:49.7 Prev:48.9)
- CN Aug S&P Global Mfg PMI (Act:50.5 Est:49.8 Prev:49.5)

2

Tuesday

- US Aug S&P Global Mfg PMI (Act:53.0 Est:53.3 Prev:49.8)
- US Aug ISM Mfg PMI (Act:48.7 Est:49.0 Prev:48.0)
- EZ Aug CPI YoY Flash (Act:2.1% Est:2.1% Prev:2.0%)

3

Wednesday

- US Jul JOLTS Job Openings (Act:7,181k Est:7,380k Prev:7,357k)
- US Jul Durable Goods MoM (Act:-2.8% Est:-2.8% Prev:-9.4%)
- EZ Aug HCOB Services PMI (Act:50.5 Est:50.7 Prev:51.0)
- EZ Jul PPI YoY (Act:0.2% Est:0.1% Prev:0.6%)

4

Thursday

- US Weekly Initial Jobless Claims (Act:237k Est:230k Prev:229k)
- US Aug ADP Jobs Chg (Act:54k Est:68k Prev:106k)
- US Aug ISM Services PMI (Act:52.0 Est:51.0 Prev:50.1)
- EZ Jul Retail Sales MoM (Act:-0.5% Est:-0.3% Prev:0.6%)

5

Friday

- US Aug NFP Chg (Est:75k Prev:73k)
- US Aug Unemp Rate (Est:4.3% Prev:4.2%)
- EZ 2Q GDP YoY Final (Act:1.4% Prev:1.5%)

8

Monday

- EZ Sep Sentix Inv Confidence (Prev:-3.7)
- JP 2Q GDP QoQ Final (Est:0.3% Prev:0.1%)
- CN Aug Exports YoY (Est:5.5% Prev:7.2%)

9

Tuesday

- JP Aug Machine Tool Orders YoY Flash (Prev:3.6%)
- TW Exports YoY (Est:26.5% Prev:42.0%)

10

Wednesday

- US Aug PPI YoY (Prev:3.3%)
- CN Aug CPI YoY (Est:-0.2% Prev:0.0%)

11

Thursday

- US Weekly Initial Jobless Claims (Prev:237k)
- US Aug CPI YoY (Est:2.9% Prev:2.7%)
- US Aug Core CPI YoY (Est:3.1% Prev:3.1%)
- EZ Sep ECB Rate Decision (Est:2.15% Prev:2.15%)
- JP Aug PPI YoY (Est:2.7% Prev:2.6%)

12

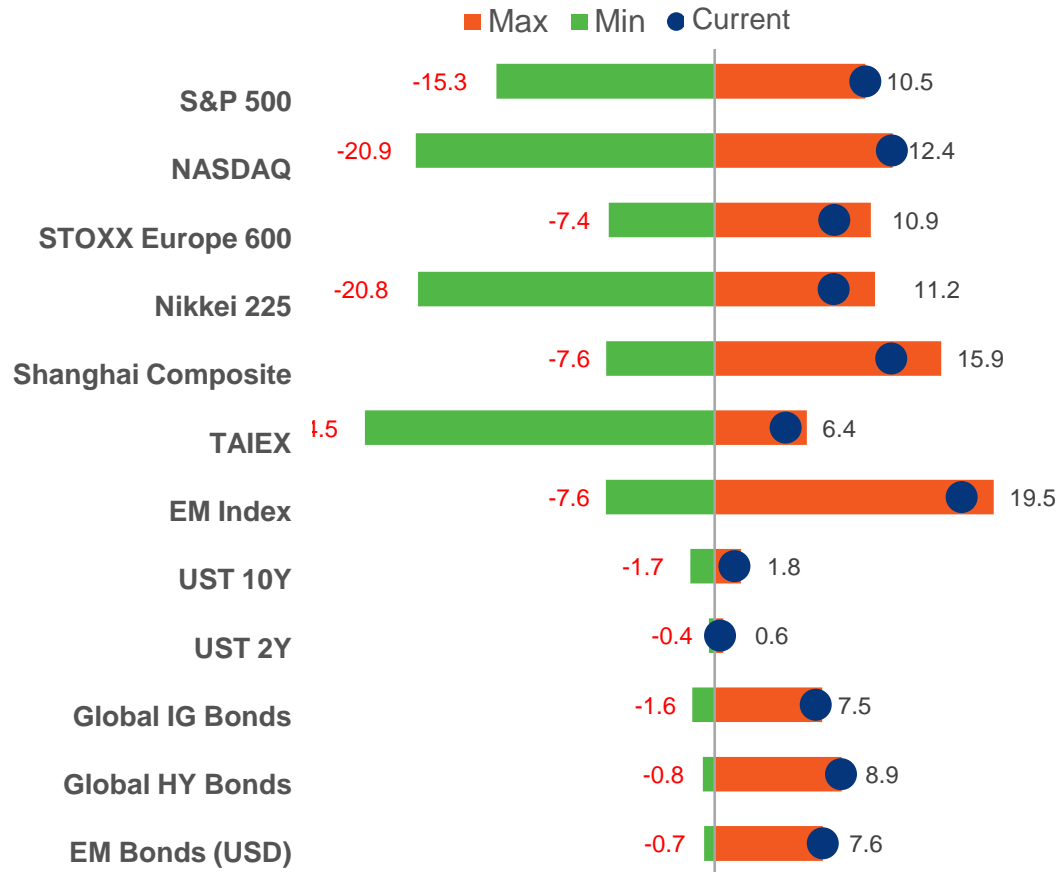
Friday

- US Sep U.Mich Consumer Sentiment Flash (Est:59.3 Prev:58.2)
- JP Jul Ind Prod MoM Final (Prev:2.1%)

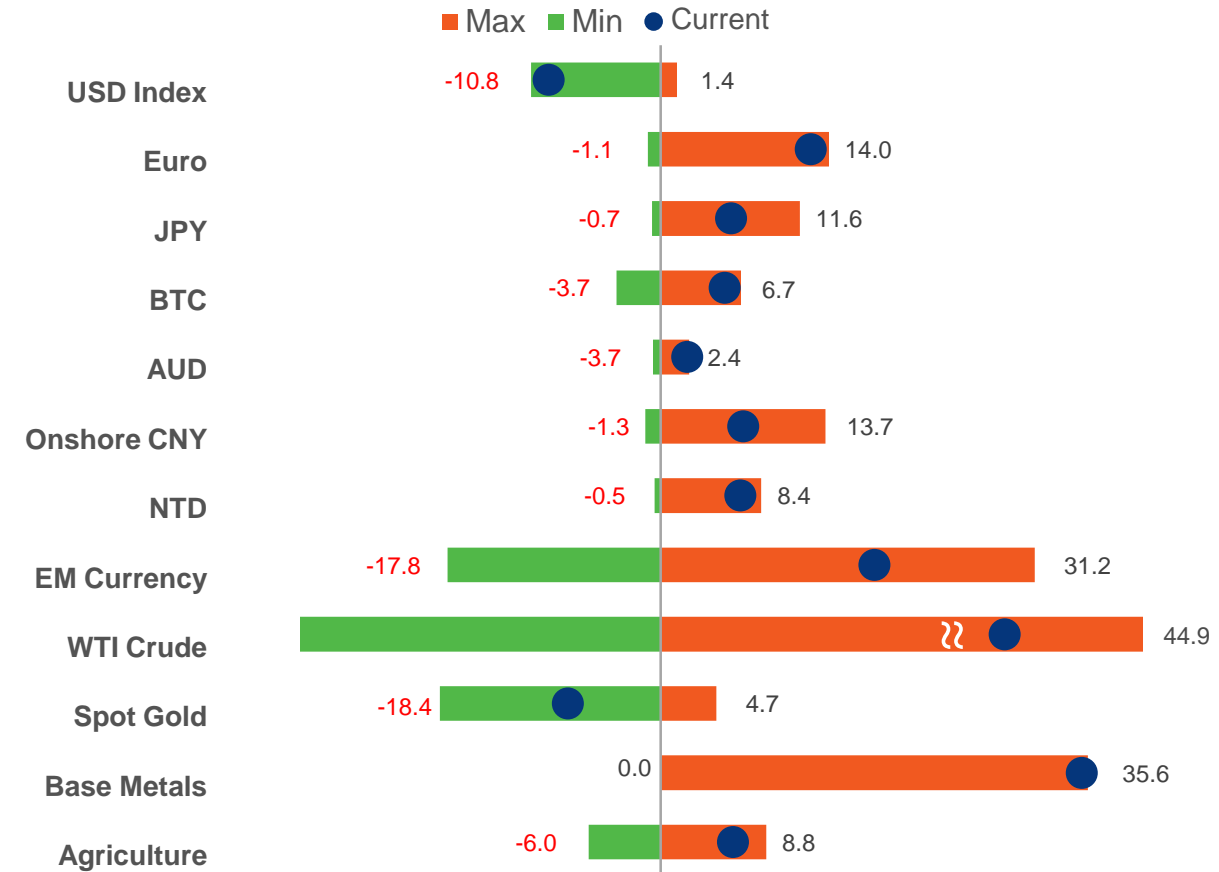
Source: Bloomberg

YTD Major Market / Asset Performance

Equities & Bond Markets YTD Performance (%)

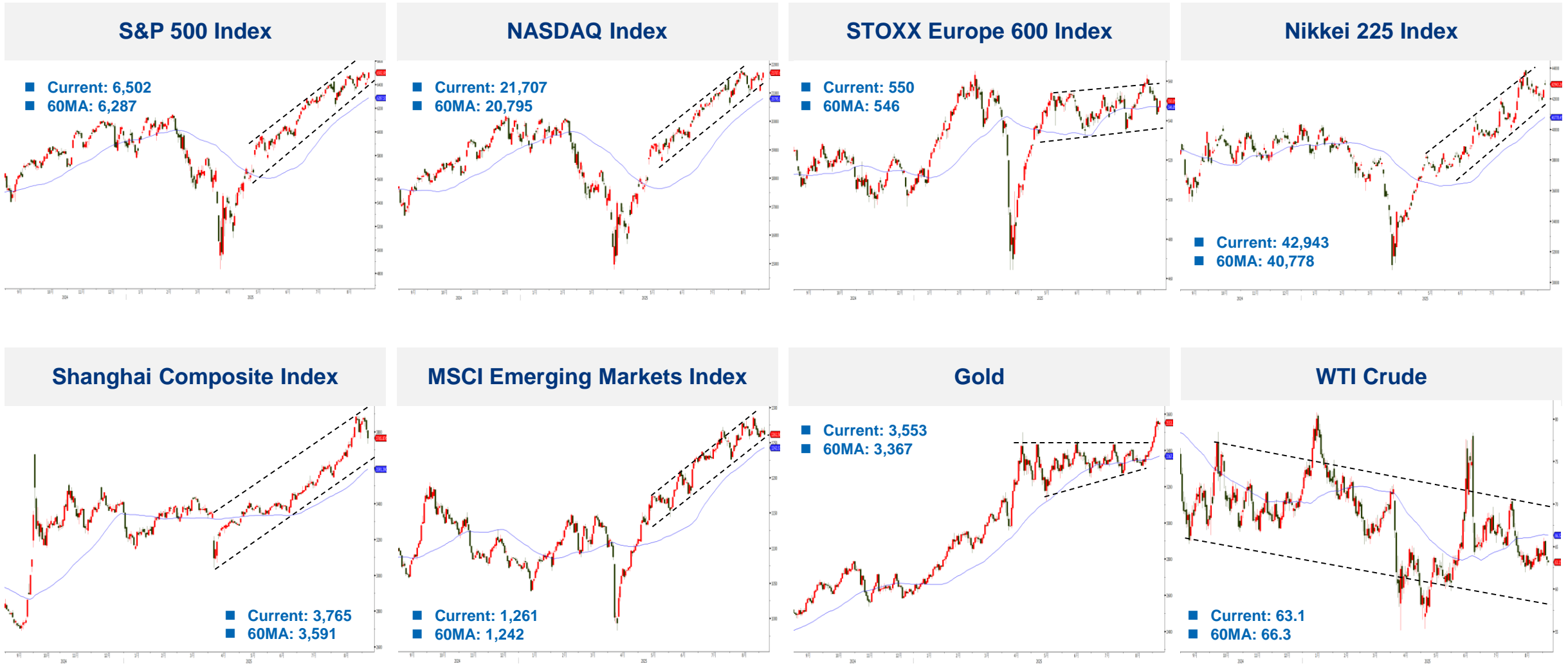


Currencies and Commodities Market YTD Performance (%)



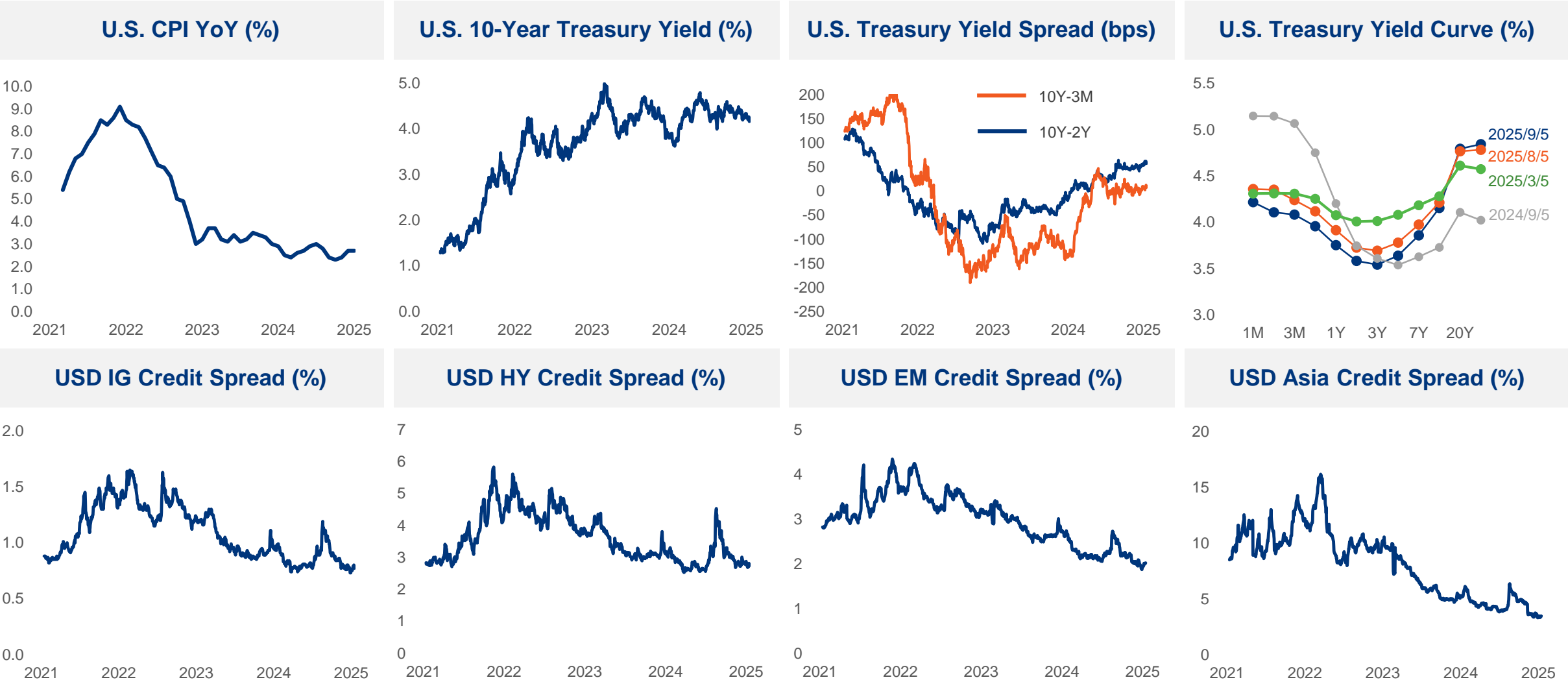
Source: Bloomberg, 5 Sep 2025

Technical Analysis



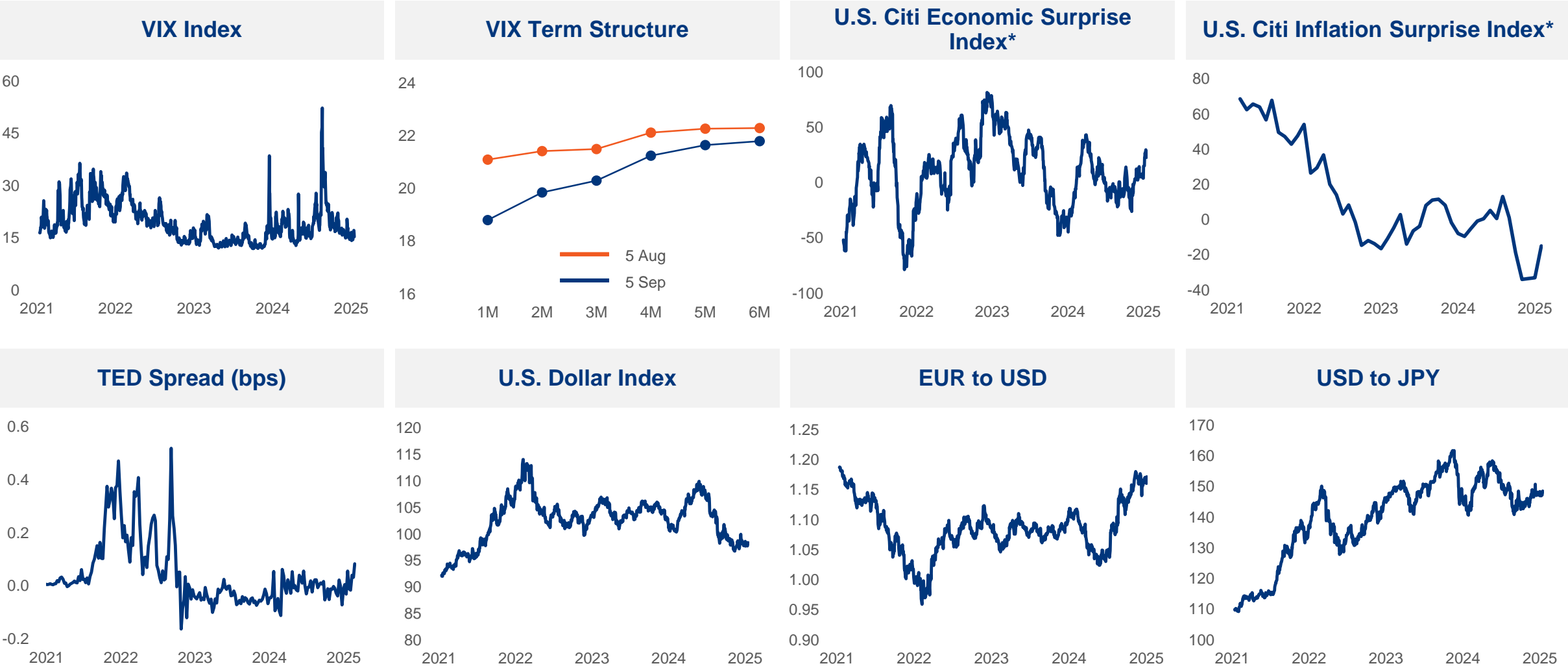
Source: Bloomberg, 5 Sep 2025

Market Monitor



Source: Bloomberg, 5 Sep 2025

Market Monitor



Source: Bloomberg, 5 Sep 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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