



CIO Office

Global Markets Weekly Kickstart

Who's in After the Fed Cut ?

6 October 2025



01 CIO Insights

China: From “Un-Investable” to Desirable

02 Chart of the Week

U.S. Government Shutdown
Historically Has Limited Market
Impact



03 Market Recap

Asset Volatility Near Lows; Watch for
Event-Driven Swings



04 What's Trending

Japan's Tight Leadership Race –
Equities May Extend Gains Post-
Election



05 In Focus

Fed Cuts as Expected – Who Benefits
Most in Bonds?



06 Product Spotlight

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

China: From Un-Investable to Desirable

► Foreign holding of China assets turned positive in 2025

China was once considered to be un-investable has now turned into one of the most desirable investment choices. Short term market rallies in Hong Kong and China was fast and furious. But if zoomed out for a longer time frames, their recent strength are far from their long term cap.

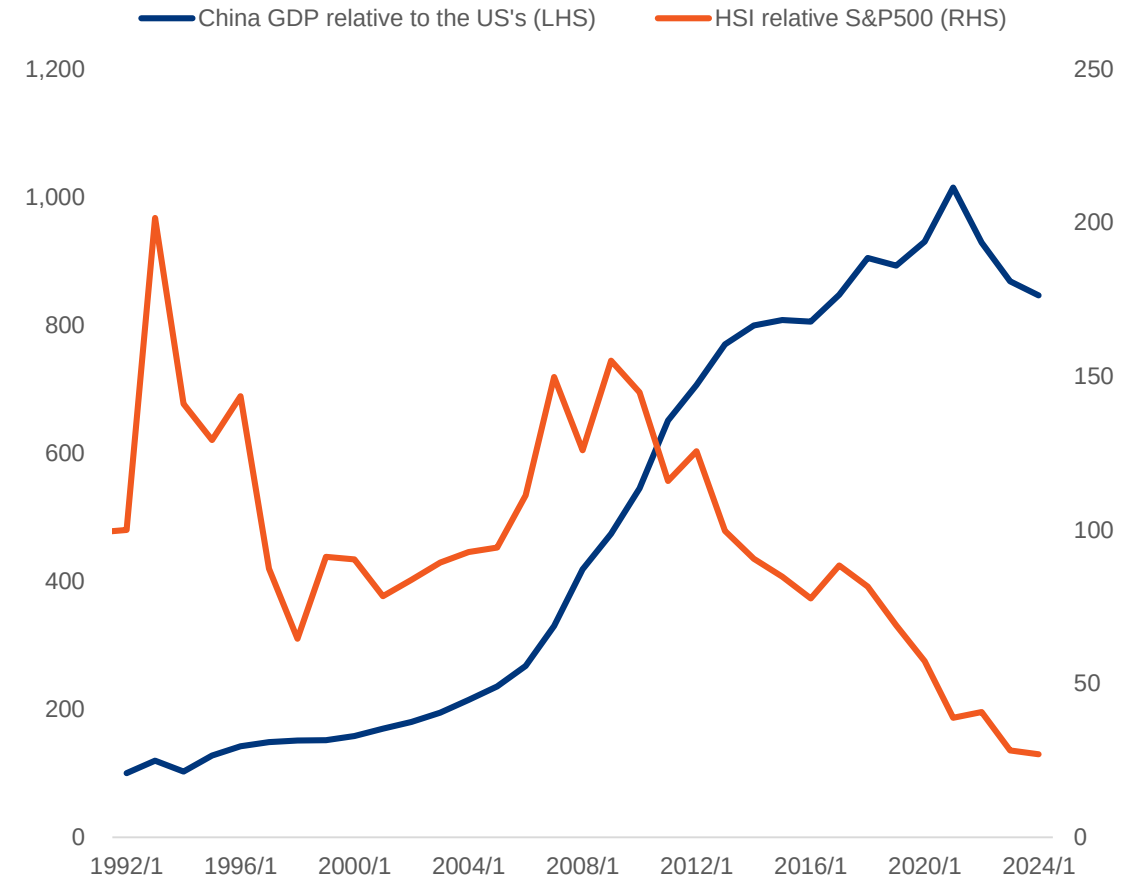
► Valuation discount leaves plenty of upside potential

The China economy has outpaced the US's economic growth by 8x over the last 33 years. However, the HSI has underperformed the S&P500 by 60% for the same period and it is running at a 40% discount at its current valuation. This is at a time when the China's growth profile, innovations, value added in the supply chain and the dominance in the world economy is significantly different from 33 years ago.

► No need for a best economy for a best stock market

Stock market focuses on the next economic policies rather than the current state of the economy. China economy is nether too hot nor too cold and this makes policies more accommodative.

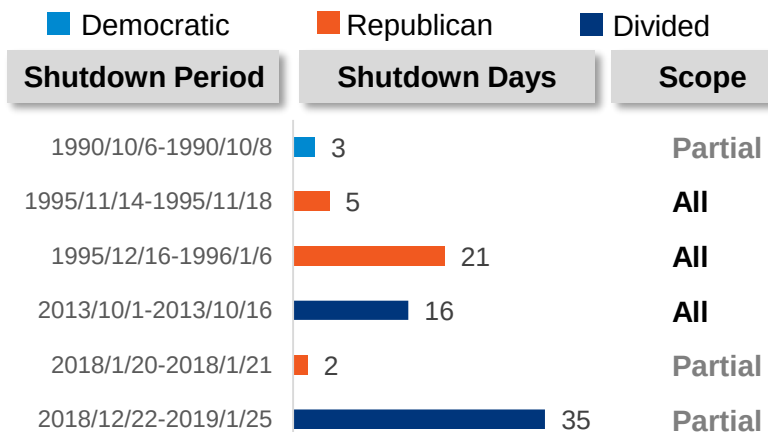
China GDP outpaced the US's growth by 8x over the last 33 years



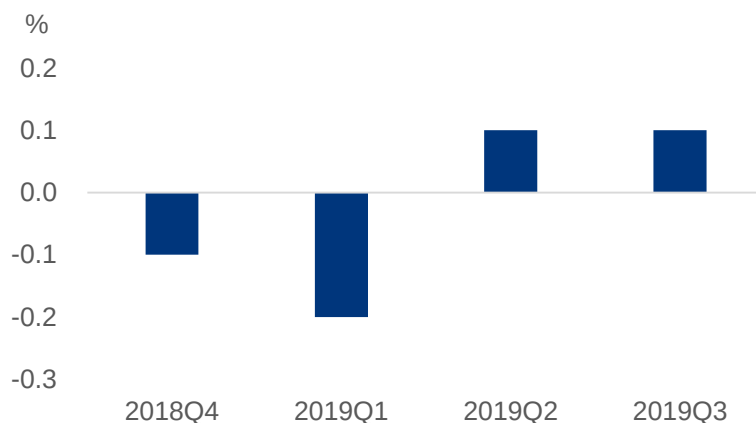
U.S. Government Shutdown Unlikely to Impact Asset Performance, History Shows

- ▶ The current U.S. federal shutdown threat stems from Congress's failure to pass annual appropriations or a stopgap bill before the new fiscal year on Oct 1. As of Sept 30, Democrats and Republicans remain deadlocked, causing funding lapses that could halt some federal services and furlough hundreds of thousands of employees.
- ▶ According to the U.S. Government Accountability Office, between FY1977 and FY2019 there have been 20 shutdowns, lasting from 1 to 35 days. The most recent occurred during Trump's first term, affecting 340,000 workers despite partial funding; this time, up to 800,000 may be furloughed.
- ▶ While shutdowns impose additional economic costs—such as back-pay liabilities and higher contractor pricing due to uncertainty—historical data show limited lasting market impact. Safe-haven demand typically rises briefly before fundamentals reassert. Investors should stay focused on long-term themes such as AI and non-U.S. assets.

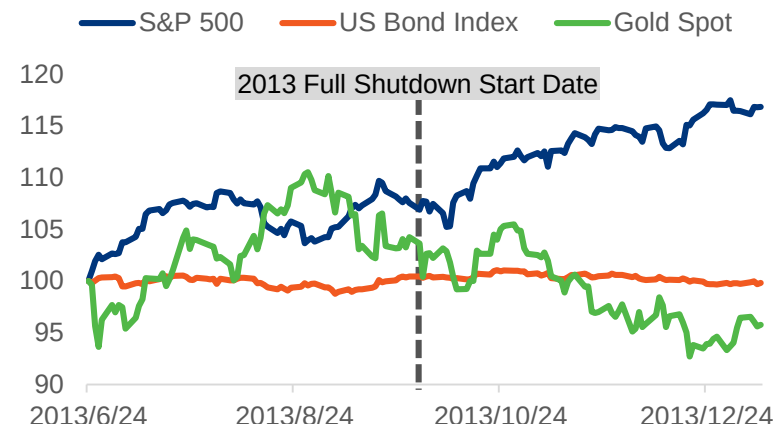
Long U.S. Government Shutdowns Often Stem from Congressional Division



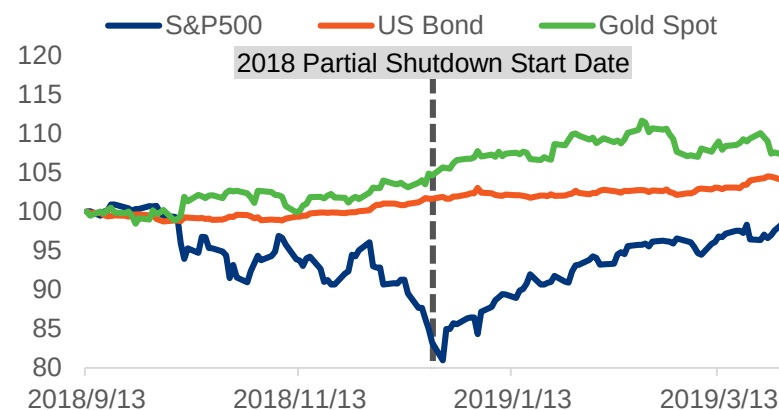
Recent Trump-Era Shutdown Had Minimal GDP Impact



2013 Full Shutdown Showed Limited Market Impact



2018 Partial Shutdown Marked S&P 500 Rebound



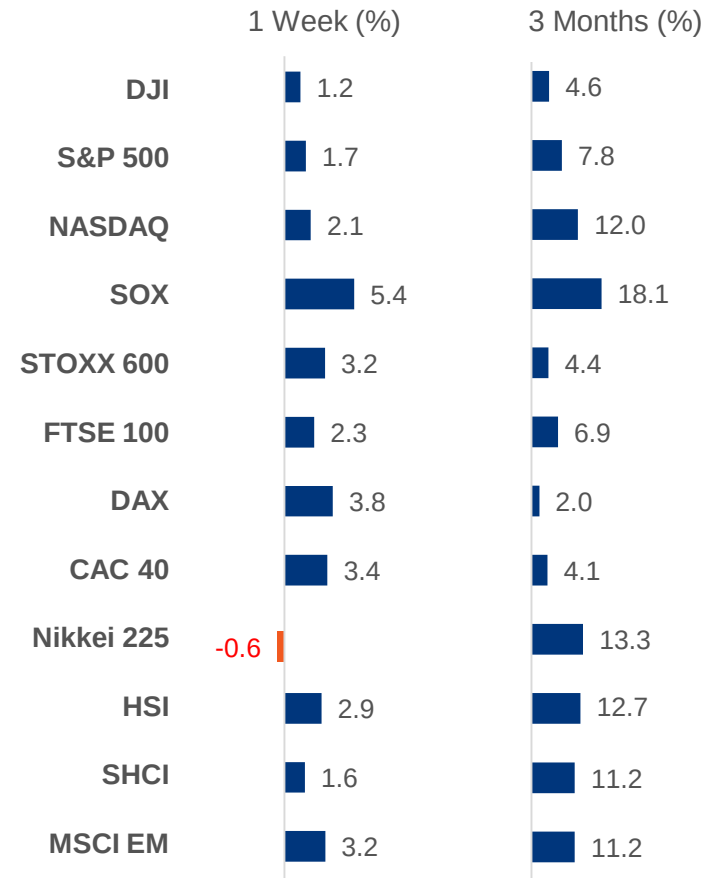
Source: Bloomberg, BofA, Congressional Budget Office

Market Recap

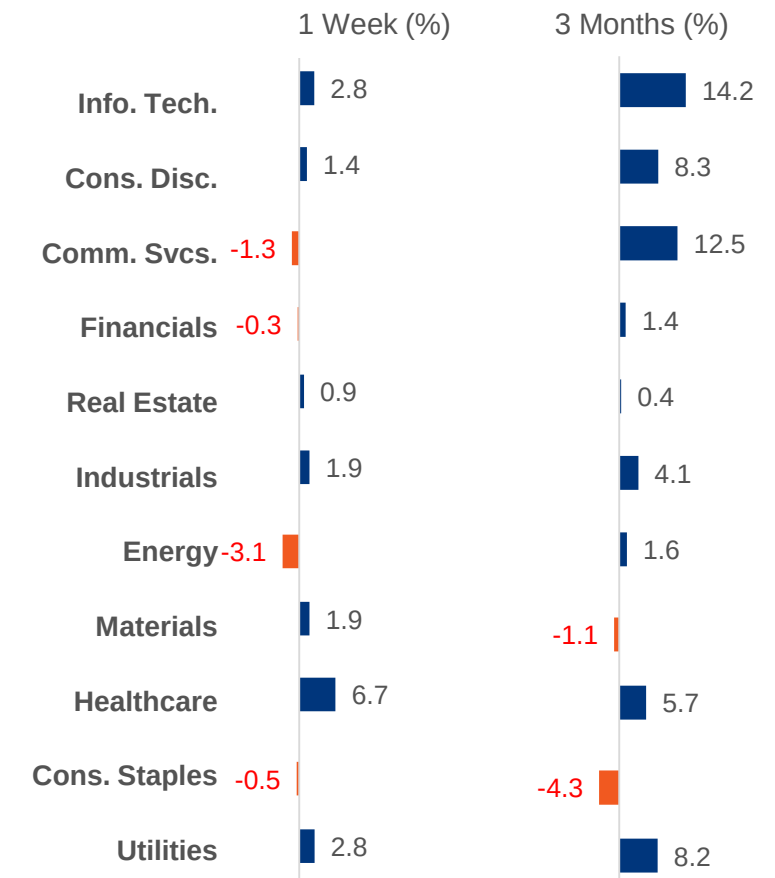
Government Shutdown Fails to Derail Rally; Drug Pricing Deal Lifts Healthcare

- ▶ Despite the U.S. government shutdown, equities and tech stocks extended gains. CoreWeave—7% owned by Nvidia—plans to expand AI server capacity and signed a \$14.2bn computing contract with Meta. Intel and AMD discussed foundry collaboration, while OpenAI is in talks with a major Korean partner under the Stargate initiative, boosting related supply-chain names. A drug price reform deal between Trump and Pfizer fueled a healthcare-led rally. The Sept ISM Manufacturing PMI rose to 49.1, beating expectations (49.0) and hitting a new high since Feb 2025. U.S. market volatility remains low, though investors are watching for shutdown fallout.
- ▶ European equities mostly gained, with U.S. drugmakers' pricing deal driving strength in European pharma. The EU also proposed using frozen Russian sovereign assets as collateral for a €140bn interest-free loan to Ukraine, raising retaliation risks and lifting defense stocks. In Japan, LDP leadership elections and the BOJ's gradual ETF sales kept markets range-bound, with healthcare the only sector higher.

Regional Index Performance (%)



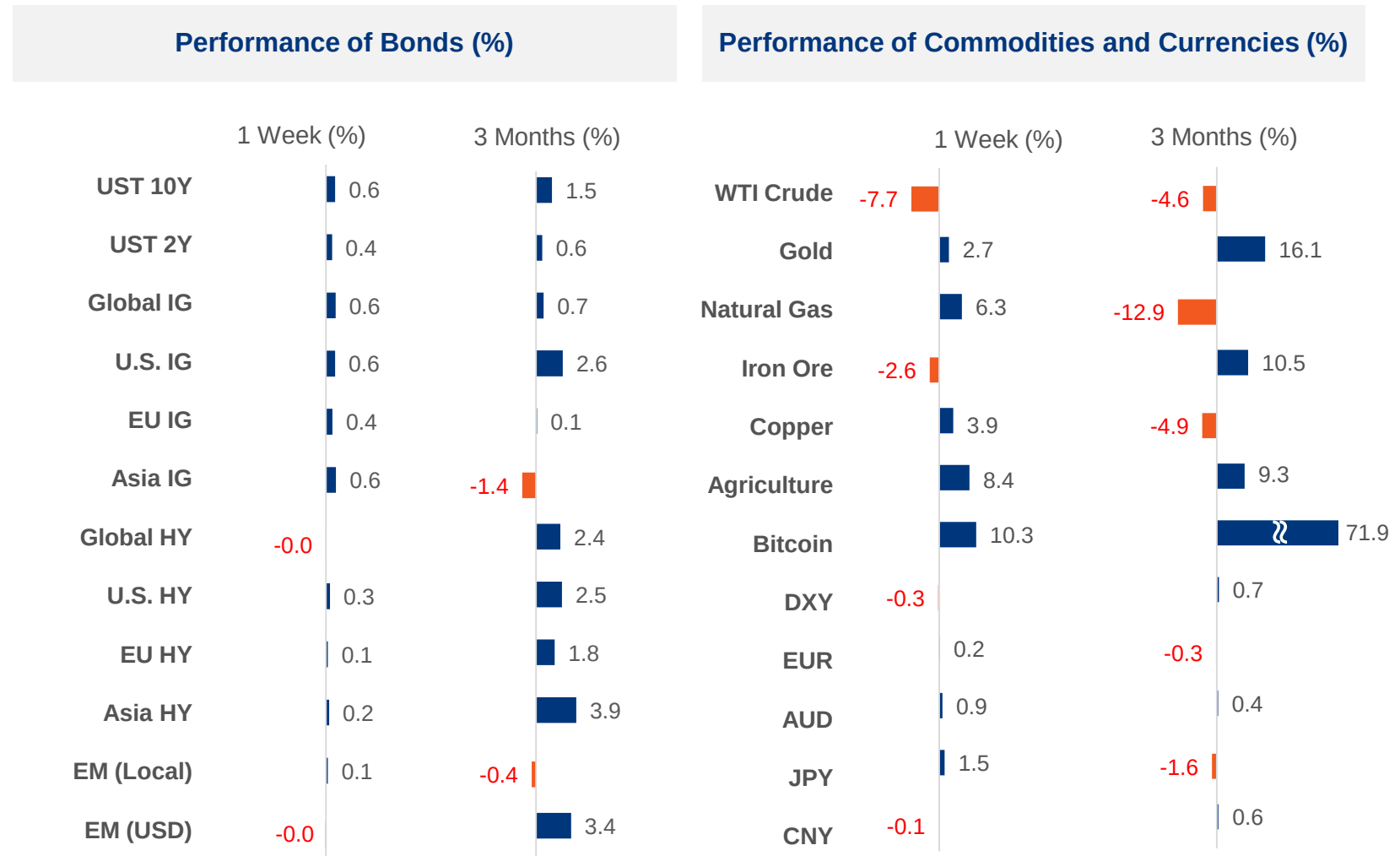
U.S. Sector Index Performance (%)



Source: Bloomberg, 3 Oct 2025

Soft Labor Data Reinforces Rate-Cut Outlook; Bonds, Gold, and Bitcoin Benefit

- ▶ The U.S. Senate rejected both temporary funding bills, triggering another shutdown. ADP employment fell 32k in September, well below expectations (+50k), and nonfarm payroll data may be delayed. Markets now price a 97% chance of an October Fed cut and two more by year-end, driving Treasury yields and rate volatility lower, supporting IG bonds. Eurozone inflation rose to 2.2% from 2.0%, in line with forecasts, reinforcing the ECB's steady stance. ECB President Lagarde said the economy remains resilient and inflation is near target, signaling no rush for further moves.
- ▶ With the U.S. shutdown, weak jobs data, and geopolitical uncertainty, investors turned to gold and Bitcoin as Treasury substitutes. Gold briefly topped \$3,900/oz, while Bitcoin rebounded to \$120k. U.S. crude inventories rose 1.8mn barrels to 416.5mn, above expectations of +1.5mn, fueling concerns OPEC+ may raise output at the Oct 5 meeting, weighing on oil. Falling U.S. yields pressured the dollar, supporting non-USD currencies.



Source: Bloomberg, 3 Oct 2025

Japan's Tight Leadership Race; Political Clarity May Revive Equity Uptrend

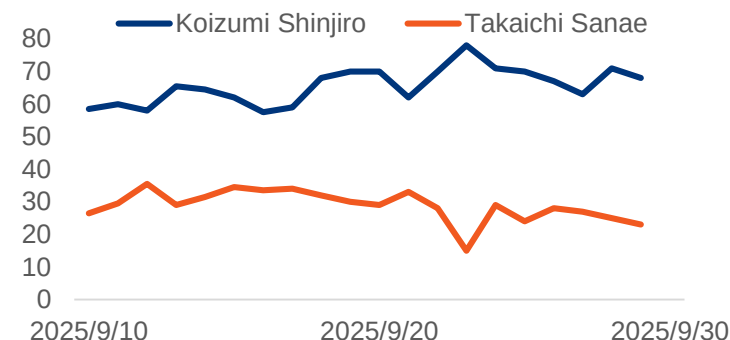
- ▶ The LDP will hold another leadership election on Oct 4. Although the ruling coalition lacks a majority in both chambers, opposition parties remain fragmented, making the new LDP leader almost certain to become prime minister. Current front-runners are Shinjiro Koizumi and Sanae Takaichi. Koizumi's centrist stance suggests limited market impact, while Takaichi's support for aggressive fiscal and monetary expansion could weaken the yen and lift equities. With political uncertainty likely to ease, Japan's market focus should return to fundamentals.
- ▶ Inflation has moderated due to summer electricity subsidies and slower rice price gains but remains above 2%, exceeding the BOJ's target. Meanwhile, wage growth continues, supported by higher summer bonuses. These trends back the case for eventual rate hikes but without urgency. With the Fed's renewed easing, reduced domestic political risk, and sustained corporate buybacks, Japan equities remain supported—especially domestic demand and bank sectors, which typically benefit from seasonal strength in 4Q.

LDP Leadership Race: Candidates' Policies Show Contrast Between Moderate and Hawkish

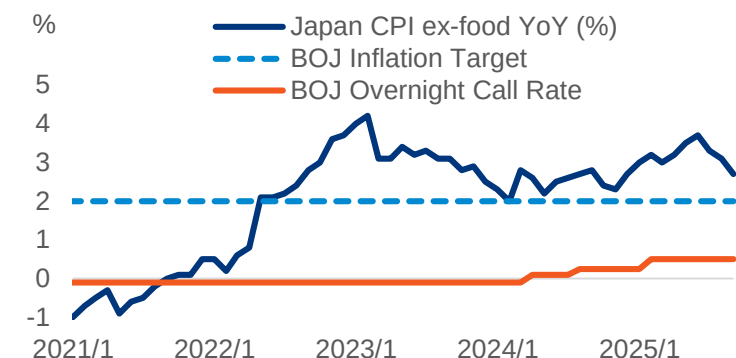
Policy	Koizumi Shinjiro	Takaichi Sanae
Fiscal	Avoids aggressive fiscal expansion; moderate stance	Supports expansionary policy; focuses on growth, opposes tax hikes
Monetary	Respects BOJ independence; slightly hawkish	Supports ultra-loose policy; represents reflationary camp
Key Policies	➢ Economic stimulus for affected ➢ Easing housing loan restrictions ➢ Expanding shared transport programs	➢ Strengthening energy security and growth-sector investment ➢ Increasing defense spending ➢ Employment stability

Tight LDP Race — Limited Market Impact if Koizumi Wins

Market-implied probability of next Prime Minister (%)

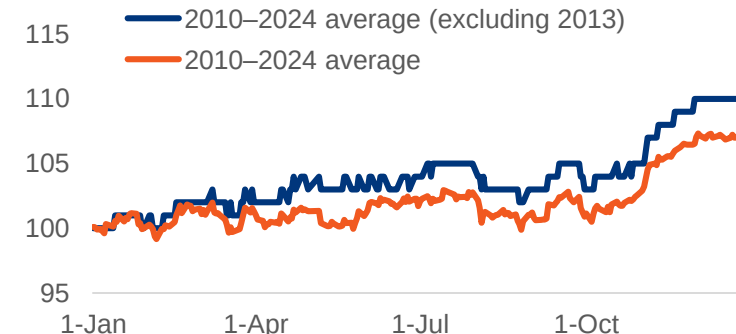


Japan's Inflation Continues to Ease, Supporting BOJ's Gradual Rate Path



Historically, Japan Stocks Tend to Rally in Q4

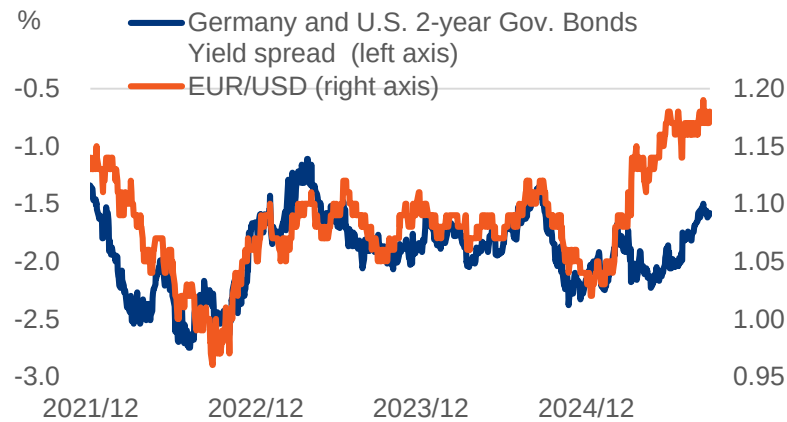
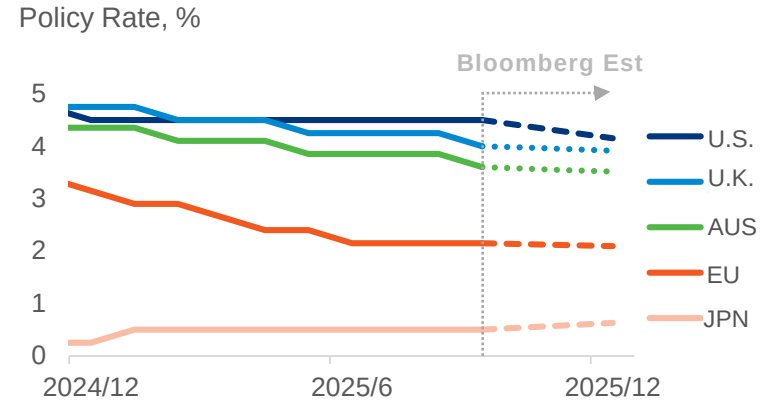
Index (Jan 1 = 100)



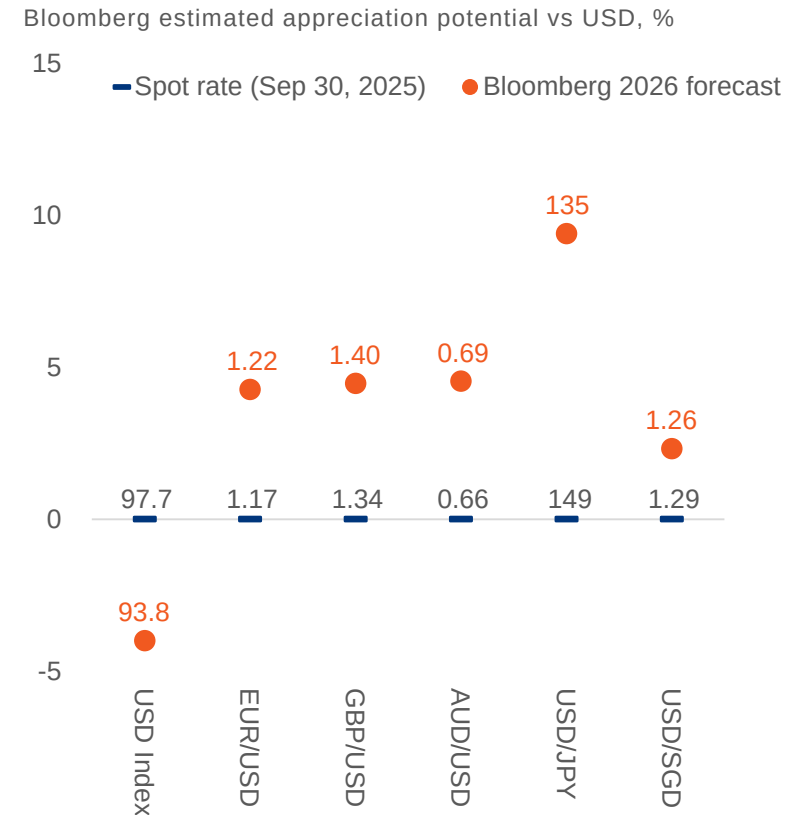
Fed's Rate Cuts Favor Quality Non-USD Bonds with FX Upside Potential

- ▶ As expected, the Fed delivered a preemptive rate cut in September amid continued labor market softness, with the 2025 median rate projection aligning closer to market pricing. The ECB kept policy unchanged as inflation remains subdued, signaling the easing cycle is nearing its end. The BOE and BOJ also held rates steady, underscoring the policy divergence between the U.S. and major non-USD economies.
- ▶ The U.S.–Germany 2-year yield spread has narrowed by nearly 60 bps since early 2025 to around -158 bps. Markets expect at least three more Fed cuts between 4Q25 and 2026, suggesting medium-term dollar weakness despite short-term rebounds. As macro headwinds in the Eurozone, UK, and Australia fade and Japan's policy outlook stabilizes post-election, rate adjustments outside the U.S. are likely to slow. Narrowing yield spreads between U.S. and non-U.S. bonds, along with Bloomberg's forecast for 4–5% EUR and GBP appreciation over the next year, support performance potential for high-quality non-USD bonds.

Major Central Banks Show Diverging Policy Paths



Bloomberg Projects a Weaker U.S. Dollar Index; Non-U.S. Currencies Expected to Appreciate

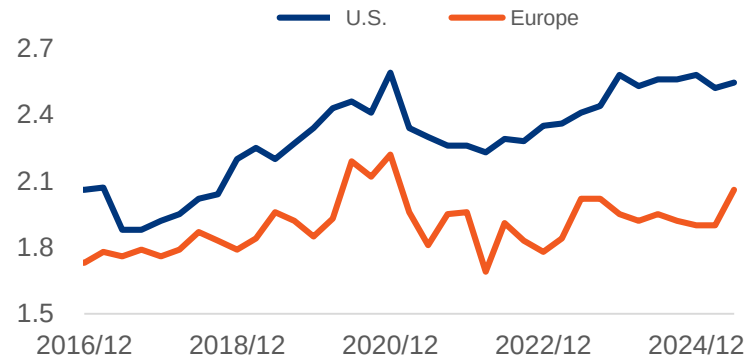


Eurozone Corporate Credit Fundamentals Stronger than U.S.; Top Pick for Non-USD Bond Allocation

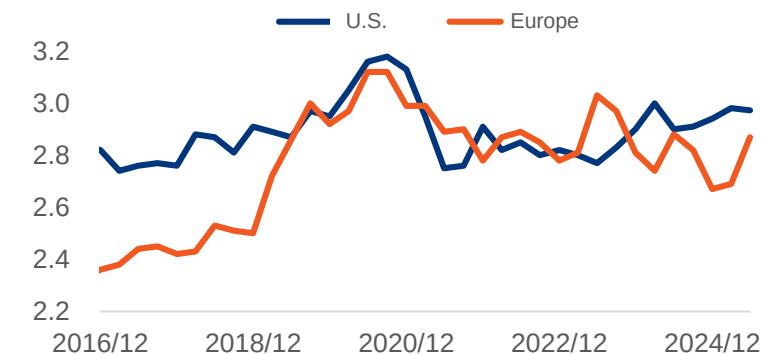
- ▶ ECB rate cuts have fueled a rebound in corporate profitability, with Eurozone investment-grade firms' average EBITDA margin rising to 21% in 2Q25 from a 2024 trough of 19.3%. Both A-rated and BBB-rated companies have seen leverage improve, now notably lower than U.S. peers. This has driven tighter credit spreads and stronger euro-denominated bond issuance. Over the past 12 months, 24% of European corporate debt was issued in USD and about 70% in EUR. Demand remains robust—average oversubscription for EUR IG bonds reached 3.6x in the past three months, with BBB-rated issues at 3.7x, versus only 2x for BB-rated bonds, reflecting investor confidence in a soft-landing scenario.
- ▶ Following Europe's fiscal expansion programs, the upgrade-to-downgrade ratio for investment-grade corporates has improved and now outperforms the U.S., signaling genuine credit strengthening. This trend also supports the view that European corporate bonds are safer than sovereigns. With EUR-USD IG spreads still above their 10-year average, euro-denominated investment-grade bonds offer compelling relative value.

European IG Companies Have Lower Leverage Than U.S. Peers

Net debt-to-EBITDA ratio of A-rated companies (times)

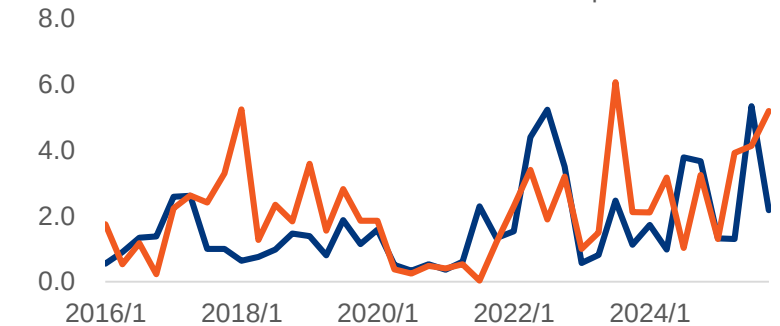


Net debt-to-EBITDA ratio of BBB-rated companies (times)

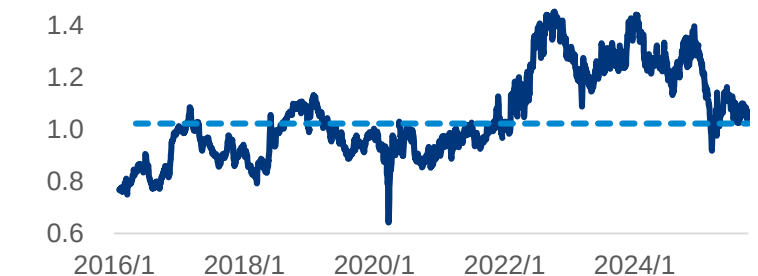


Credit Quality of European IG Bonds Improves; Yield Spreads Offer Opportunities

Upgrade/Downgrade ratio of investment-grade companies (times)



Yield spread ratio between European and U.S. investment-grade bonds



Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	◆ The Fed's renewed rate-cut cycle and rising AI-related demand have driven major markets to record highs, supported by abundant liquidity and strong sentiment. However, a soft U.S. labor market increases uncertainty, suggesting investors maintain balanced exposure and flexibility. In the near term, focus on high-quality and growth stocks; small- and mid-caps may offer short-term trading opportunities under easing policies. ◆ Eurozone fundamentals are improving with reasonable valuations; UK and German equities remain resilient, driven by trade surpluses. UK Prime Minister Sunak's moderate policy stance reduces uncertainty. Japan continues to benefit from wage growth and reforms. Prefer domestic demand and financials for the long term.	Strategy: Respond to volatility by adding high-quality names. Maintain exposure to U.S. semiconductors and software; accumulate quality growth stocks on dips. Regions: European, U.K., Japan domestic demand and banks
Bonds	◆ U.S. economic data show signs of slowing, with weakening employment and persistent inflation. The Fed cut rates by 25 bps in September and signaled two more cuts by year-end, while the dot plot suggests only one additional cut in 2026 — a smaller overall easing than markets expected. Medium-to-short-term high-grade bonds offer attractive entry points to lock in yields, with A-rated and above corporates preferred. Sectors with favorable risk-adjusted spreads include financials, industrials, energy, utilities, and communications. ◆ The U.S. dollar remains on a weakening trend, suggesting opportunities to diversify into non-USD investment-grade bonds, such as those denominated in EUR or SGD.	Duration: Short-to-medium IG bonds for yield lock-in Sector: Financials, industrials, energy, utilities, telecom
Forex	◆ The U.S. labor market continues to cool, prompting the Fed to begin its rate-cut cycle in September. The U.S. dollar index has weakened and is expected to remain soft over the medium term. ◆ Non-USD currencies, including the euro, yen, and pound, are likely to trade with an upward bias.	USD: Weak, consolidating EUR, JPY, GBP: Gradual upside with swings
Commodity	◆ As lower rates and rising fiscal deficits sustain inflation concerns, gold retains upside potential, supported by ongoing central-bank and market demand — suggesting opportunities to accumulate on dips.	Gold: Bullish

China Asset Revaluation Cycle Begins

► Value Revival Signals a New Re-Rating Cycle

China assets are undergoing a structural shift from “uninvestable” to “in demand.” After a three-year bear market, global capital has started to return, with foreign holdings turning net positive for the first time. Equity valuations remain near historical lows relative to solid economic growth, offering strong safety margins and upside potential. With macro data stabilizing, policy easing expectations have become the key driver. We believe this marks the start of a long-term valuation re-rating cycle, with China assets regaining significant appeal.

► Focus on High-Growth Themes: Aluminum and Robotics

As highlighted in our 2H25 outlook, we see opportunities in two outperforming sectors—materials (aluminum) and industrials (robotics). In aluminum, rising demand for high-quality alloys, driven by government support for advanced manufacturing and technology, underpins earnings growth. Despite lower P/E ratios than global peers, Chinese aluminum producers deliver stronger ROE, reflecting operational efficiency and valuation re-rating potential.

► Industrial Upgrading to Boost Robotics Demand

China’s manufacturing is entering a new phase, transitioning from traditional to high-tech, automated production. Industrial and humanoid robots are key to addressing labor shortages and aging demographics while enhancing efficiency in repetitive, hazardous, or precision-driven tasks.

KGI’s Favored Sectors for 2H25

Sector	Commentary
Healthcare	Government support spans the entire innovative drug value chain, including newly added IC drug lists such as CAR-T therapies, advanced oncology drugs, and treatments for rare diseases.
Industrial Manufacturing	China’s long-term industrial transformation remains evident, with investment in high-tech manufacturing continuing to outpace overall industrial investment growth.
Internet	“AI+” is a national strategy supporting large-model training and application, expected to enhance Chinese enterprises’ operational efficiency.
Materials	As China’s economy recovers and policy support strengthens, demand for raw materials is set to rebound first.
Telecom	Telecom operators maintain stable profitability; China’s AI-driven narrative in the sector is still in its early stage.

China Hongqiao (1378)

Closing Price HK \$27.1

Target Price HK \$30

The Group engages primarily in the production and sale of aluminum products, including liquid aluminum alloy, alloy ingots, aluminum busbars, processed alloy products, and alumina.

Policy Tailwinds Catalyze Industry Leaders

China's State Council recently announced a growth-support plan for the nonferrous metals sector, providing clear policy momentum for the aluminum industry. The plan promotes aluminum applications in high-end fields such as EVs and aerospace while accelerating the phaseout of outdated capacity.

Clear High-End Positioning and Green Transition Strengthen Competitiveness

Hongqiao's product mix aligns closely with high-growth sectors. Its aluminum alloys are already widely used in EVs and batteries, with potential expansion into emerging markets such as humanoid robotics. The company is advancing its green transition, targeting renewable energy to account for half of total power consumption—a move in line with national policy that should lift average selling prices (ASP), expected to rise 7% from 2024–2027.

Capacity Cuts Improve Supply-Demand Balance

Policy-driven shutdowns of outdated capacity are tightening market supply. Aluminum inventories have been declining YoY since last year, supporting earnings upgrades into next year.

Valuation Re-Rating Potential

Hongqiao trades at 1.6x P/B versus an estimated fair value of 1.9x, indicating clear upside for revaluation. We set a target price of HKD 30, implying 10x forward P/E and 1.9x P/B.

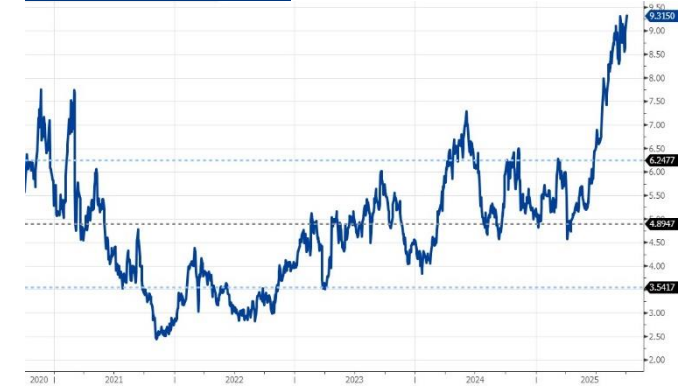
Financials

	2022	2023	2024	2025F	2026F
Revenue (CNY Billion)	131.7	133.6	156.2	158.6	160.1
Revenue YoY	15.0	1.5	16.9	1.5	1.0
EPS (CNY)	0.9	1.2	2.4	2.6	2.7
EPS YoY	-46.9	28.7	95.0	8.1	3.9
ROE(%)	10.5	13.0	22.4	20.9	19.6

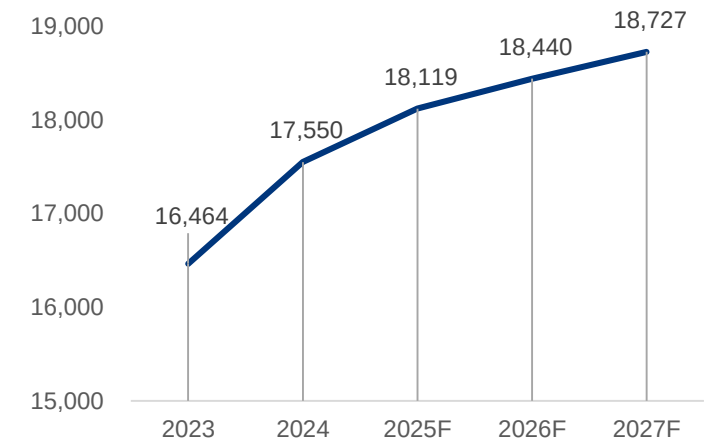
Aluminum Inventory Surplus YoY (%)



PEG



Aluminum Alloy ASP (RMB/ton)



Source: Bloomberg

UBTECH Robotics (9880)

Closing Price	HK \$157.7	Target Price	HK \$178
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UBTECH engages in the R&D, design, production, and sales of robots, along with related service solutions.

New Industrialization a Key “15th Five-Year Plan” Theme

China’s MIIT has made new industrialization a national focus, designating humanoid robots as a strategic emerging industry with coordinated policy and funding support. UBTECH, one of the few firms listed in AI-Enabled New Industrialization Application Cases, is well positioned to benefit.

Commercialization Gaining Momentum

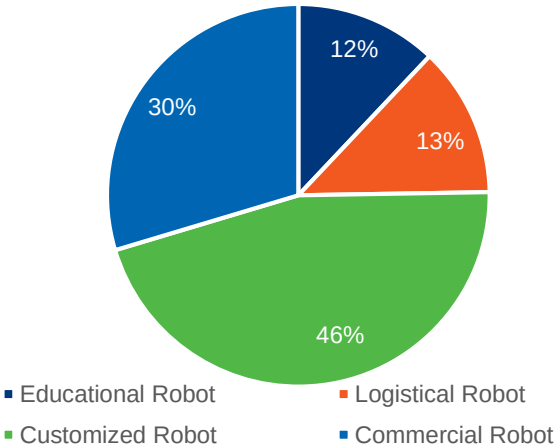
UBTECH’s commercialization is advancing quickly. After launching the Walker S2 humanoid robot, it secured RMB 280mn in new orders, bringing total contracts to RMB 430mn. Monthly capacity will rise to 300 units from September, exceeding its earlier 2026 target of 2,000 units per year, underscoring scaling strength.

Policy and Growth Catalysts Support Re-Rating

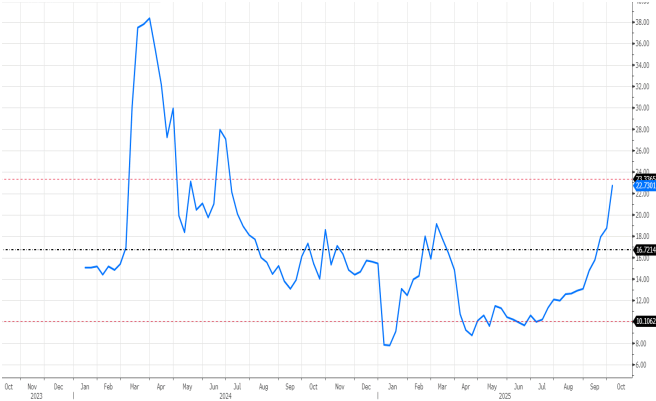
With policy backing and faster commercialization, UBTECH stands out among domestic humanoid robot makers. Trading at 21x 2026E P/S, we set a target price of HKD 178, implying a 24x multiple—around 10% above peers.

Financials	2022	2023	2024	2025F	2026F
Revenue (100 M CNY)	10.0	10.5	13.1	19.4	29.9
Revenue YoY	23.4	4.7	23.6	48.7	54.3
EPS (CNY)	-2.5	-3.05	-2.67	-2.28	-1.54
EPS YoY	-	-	-	-	-
Cash & Equiv (100M CNY)	4.3	4.9	4.8	5.8	6.4

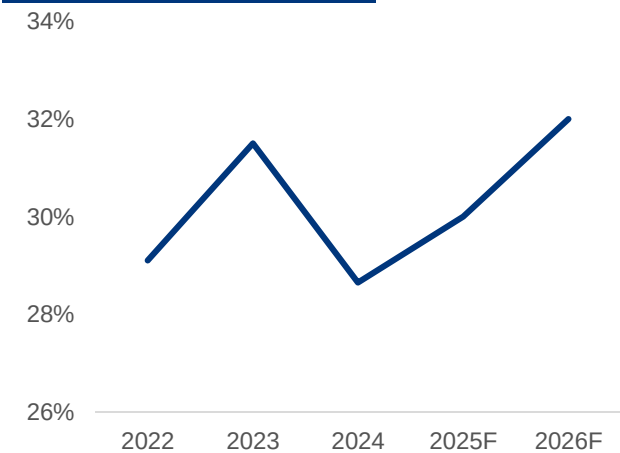
2025 Revenue Sources (%)



Estimated P/S



Gross Profit Margin (%)

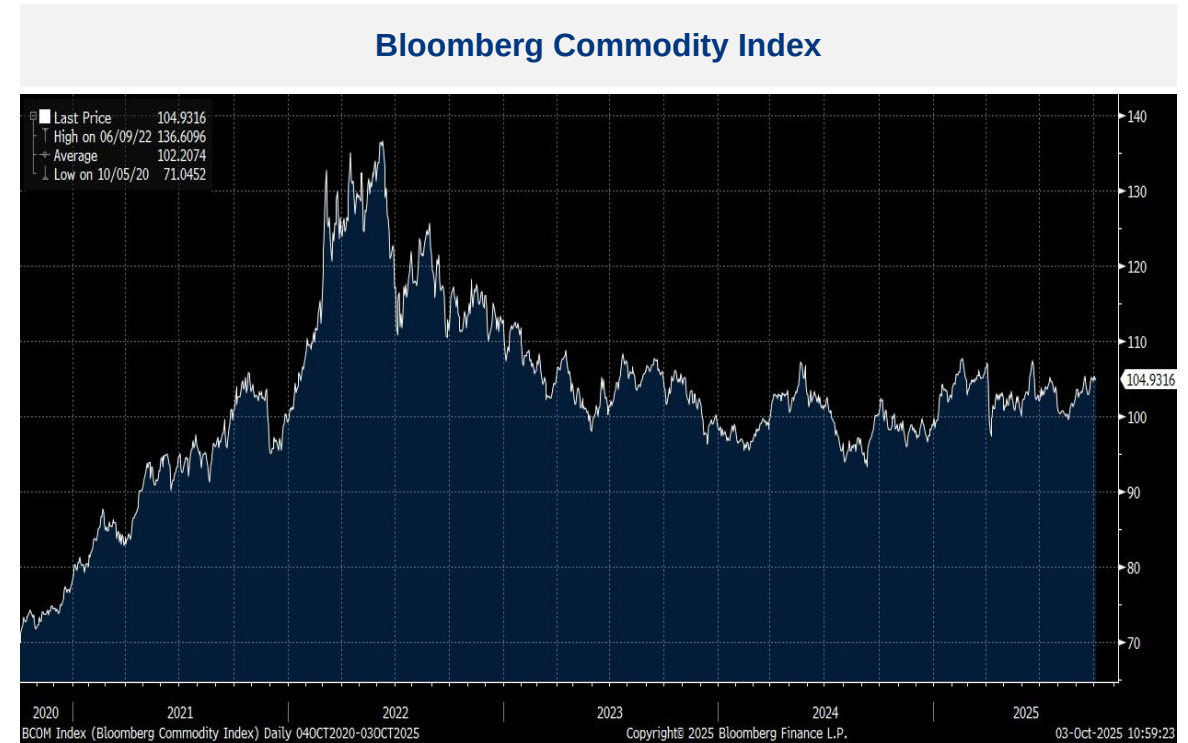


Source: Bloomberg



New Rate-Cut Cycle Fuels Commodity Uptrend

- ▶ U.S. nonfarm payroll data for September was delayed due to the federal government shutdown.
- ▶ The August pending home sales index rebounded 4% MoM, the strongest gain in five months (previous -0.3%).
- ▶ September ADP employment fell by 32,000, well below expectations of +51,000, marking a second consecutive monthly decline.
- ▶ ISM Manufacturing PMI rose to 49.1 (vs. 48.7 prior, 49.0 expected), while ISM Services PMI slipped to 50.0 (vs. 52.0 prior, 51.7 expected).
- ▶ As the new easing cycle gains pace, commodity prices have turned higher. Precious metals such as gold and silver reached record and 14-year highs, respectively.
- ▶ The Trump administration's strategic stakes in rare earth and lithium firms aim to secure U.S. critical metal supply chains, favoring domestic miners.
- ▶ Looser monetary and fiscal policies are expected to further boost commodity demand, supporting a sustained uptrend.



Source: Bloomberg

Albemarle (ALB US)

Closing Price	US \$88.22	Target Price	US \$100.0
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Albemarle produces specialty chemicals for EVs, energy storage, aerospace, and healthcare applications, serving customers worldwide.

Policy Tailwinds in Critical Minerals

The company benefits from U.S. initiatives to secure domestic lithium and rare-earth supply chains vital for defense and EVs. Tax incentives like the 45X credit and critical-mineral exemptions support local production. Easing financial conditions under rate cuts further enhance long-term growth prospects.

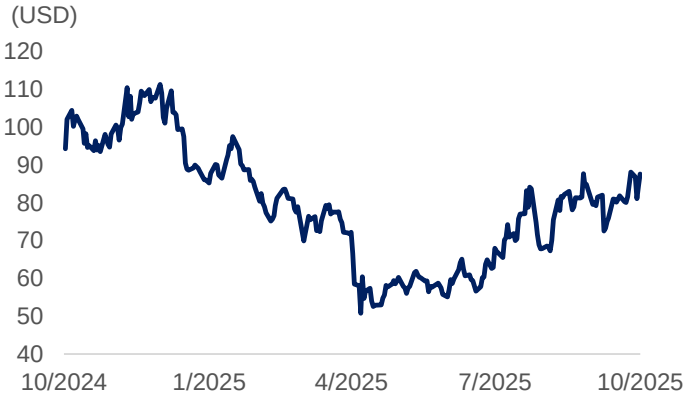
Operational Efficiency and Solid Balance Sheet

2Q25 adjusted EBITDA rose to USD 336mn, driven by strong energy storage and specialty demand. Capex guidance was cut to USD 650–700mn, with positive FY25 free cash flow expected. Albemarle’s diversified revenue base and strong balance sheet help buffer market volatility.

Outlook and Valuation

Net sales fell 7% YoY to USD 1.33bn, but profit turned positive with EPS rising to USD 0.11. Lithium prices are guided at USD 9/kg for FY25. Bloomberg 12M target price averages USD 87.53 (high USD 200 / low USD 58).

1-Year Price

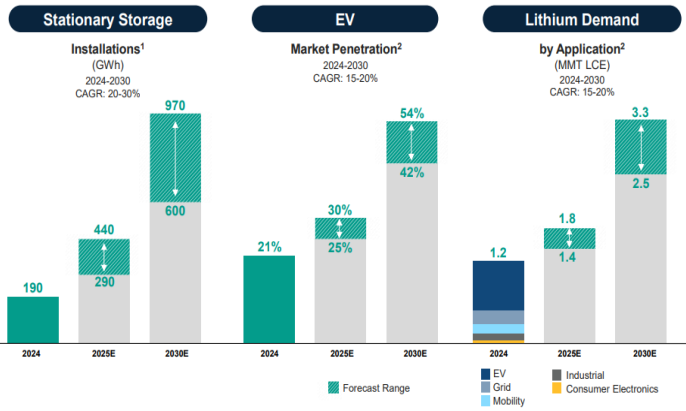


Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	26.6	38.5	21.2	10.1	5.8
EBITDA(%)	10.3	20.2	24.8	54.1	59.4
EPS (USD)	0.35	0.83	0.58	1.57	2.09
Net Profit Margin(%)	7.7	14.0	8.1	20.1	26.5

Source: Bloomberg; 2025/26F are market estimates

Est. Demand Growth



P/E & P/B



Source: Bloomberg

MP Materials (MP US)

Closing Price	US \$71.5	Target Price	US \$85
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MP Materials is a fully integrated rare earth producer, covering the entire supply chain from mining and processing to metal and magnet manufacturing. Its products serve transportation, energy, robotics, defense, and aerospace sectors.

U.S. Strategic Backing Provides Floor and Stability

In July 2025, the U.S. Department of Defense became MP's largest shareholder and set a USD 110/kg floor price for NdPr oxide with upside-sharing, stabilizing revenues and encouraging private investment in domestic rare earth supply. The company also expects further federal partnerships to reduce concentration risks.

Policy Support and Tight Supply Outside China

The U.S. is accelerating localization of critical minerals and may expand investment in heavy rare earths to strengthen MP's platform. Meanwhile, China's tighter export controls are constraining global supply, supporting higher prices as U.S. capacity builds. MP stands out as the national integrated champion for EV, defense, and AI-related magnet demand.

Improving Earnings and Outlook

2Q25 revenue rose 84% YoY to USD 57.4mn. Adjusted net loss narrowed by USD 6.7mn to USD 21.4mn, while net loss improved by USD 3.2mn to USD 30.9mn. Adjusted EPS increased by USD 0.04 to -0.13.

Valuation Consensus

Bloomberg 12M target price: USD 78.75 (high USD 90 / low USD 65).

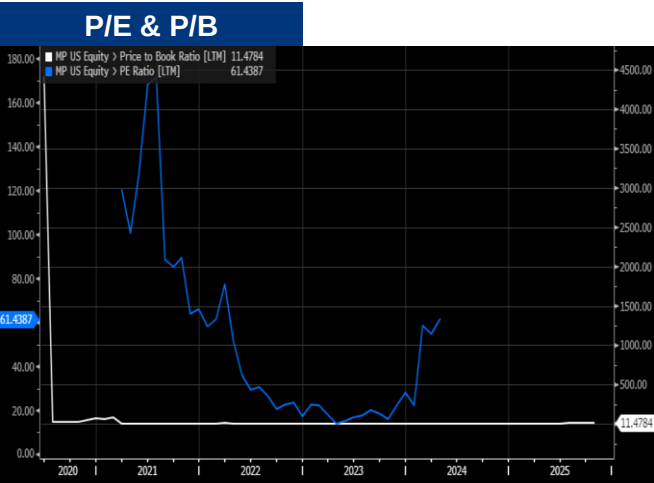
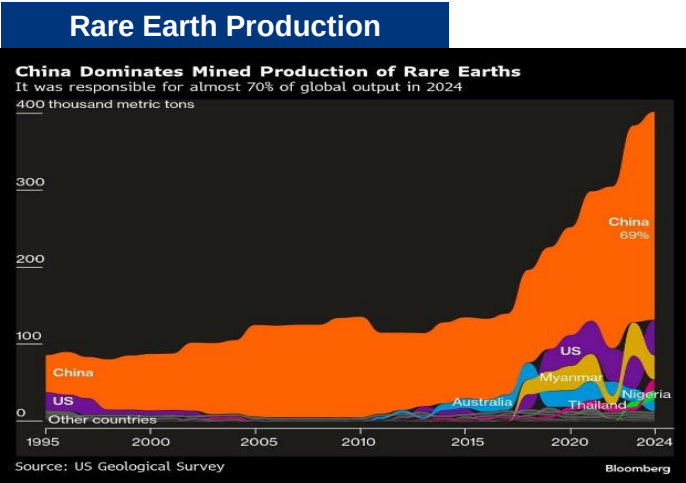
Source: Bloomberg



Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	58.9	-52.0	-19.6	39.9	138.7
EBITDA(%)	67.3	30.6	-36.5	1.2	44.0
EPS (USD)	1.56	0.26	-0.55	-0.35	0.83
Net Profit Margin(%)	56.3	18.2	-44.8	-20.6	23.7

Source: Bloomberg; 2025/26F are market estimates





Memory and AI Stocks Lead Gains as TAIEX Uptrend Persists

Index Rebounds Above Short-Term Averages; Watch for Upside Pressure

After repeated highs, the TAIEX may enter a consolidation phase. Technically, Thursday's KD indicator crossed upward in bullish territory with turnover near its 20-day average, supporting a continued uptrend. TSMC hit a new record high, with strength across large-cap techs likely to sustain momentum. Key themes include memory, CCL, PCB, cooling, silicon wafers, and optical components. Financials remain steady supporters, while non-tech sectors face heavier pressure.

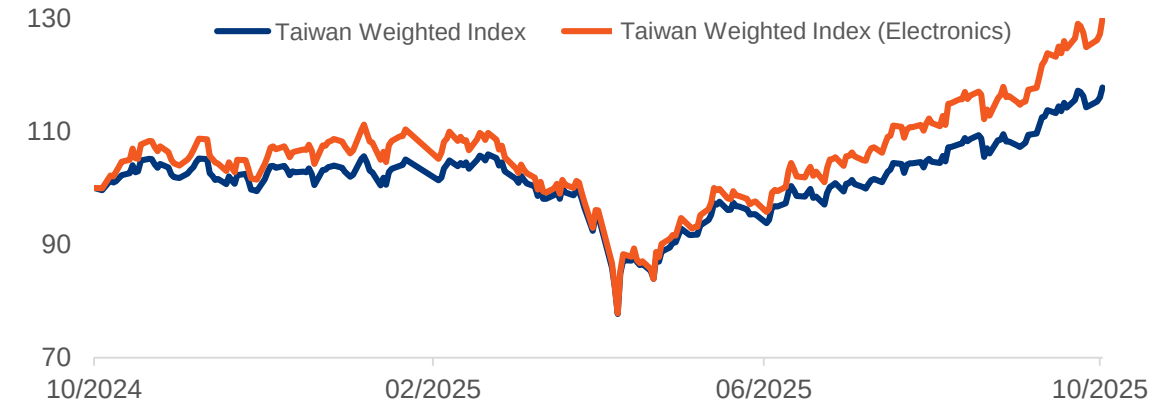
Export Orders Beat Expectations; Electronics Stay Strong

August export orders reached USD 60.02bn, up 19.5% YoY and above our 13% forecast. Electronics rose 3.4% MoM and 39.5% YoY to USD 24.88bn, driven by robust AI and HPC demand, supporting IC manufacturing, PCB, and packaging/testing growth. Supply-chain sentiment for 2H25 has turned positive, aided by lower tariff uncertainty and improving AI visibility. With recent large-scale AI investment and leasing deals, optimism is building into 2026 planning, and we expect IC manufacturing orders to remain strong through end-2026.

Source: Bloomberg

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

Index, 2 Oct 2024 = 100



August Export Orders

	Amount(USD 100 mn)	MoM Growth(%)	YoY Growth(%)
Information & Communication	170.6	-2.8	20.6
Electronics	248.8	3.4	39.5
Optical Instruments	20.8	2.6	9.8
Basic Metals	18.4	-2.6	-9.3
Machinery	17.2	-2.7	3.0
Plastics & Rubber Products	13.9	-5.8	-15.3
Chemicals	14.1	-10.9	-9.5
Total	600.2	-0.7	19.5

TSMC (2330 TT)

Taiwan Semiconductor Manufacturing Co. (TSMC) engages in IC manufacturing, sales, and related design, wafer, and photomask services, as well as testing and packaging. Its products are used in computing, communications, consumer electronics, and industrial equipment.

Key Features

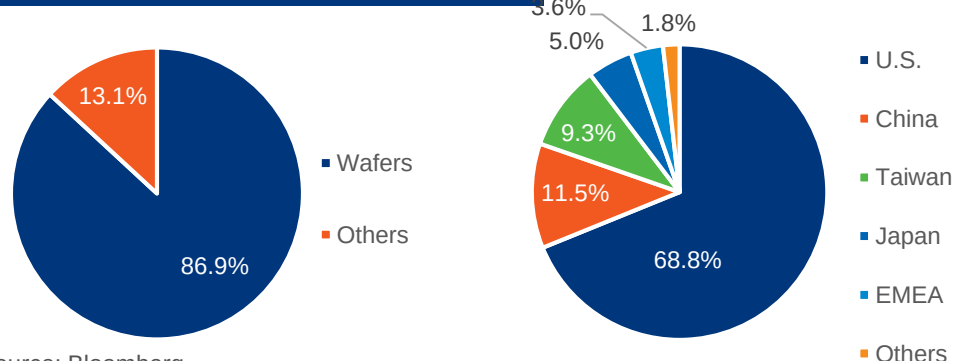
NTD Depreciation to Boost 3Q25 Results Above Guidance

We estimate 3Q25 revenue will rise 7.0% QoQ to NT\$999.5bn, exceeding company guidance of -1.2% to +2.5% (USD revenue +5.7–9.7%), mainly due to NTD weakness. Gross margin is forecast at 58.0%, above the 55.5–57.5% guided range.

AI Demand Drives Capacity Expansion Through 2026

Ongoing AI-related deals—including partnerships among Nvidia, OpenAI, Oracle, CoreWeave, and Meta—reflect sustained optimism and upstream investment. We raise 2026-end CoWoS monthly capacity forecast from 95k to 110k wafers, driven by stronger demand from Nvidia and Broadcom.

Revenue Sources and Regions



Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
EPS (NTD)	39.20	32.34	45.25	62.48	74.96
EPS Growth (%)	70.4	-17.5	39.9	38.1	20.0
P/E Ratio	33.8	41.0	29.3	21.2	17.7
ROE (%)	39.8	26.2	30.3	34.4	33.2

Source: Company data, estimates of KGI analyst

Valuations

		5Y Avg.	Current	
Price	371			1,365
P/E	10.84			33.69
P/B	3.51			9.43

1-Year Price



As of 2 Oct 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	1.87	17.67	25.81	44.90	26.98	40.43

Shin Zu Shing (3376 TT)

Shin Zu Shing Co. manufactures computer components, springs, stamped and assembled parts, MIM metal injection products, and precision machined parts, serving as a major global hinge supplier for notebooks.

Key Features

4Q25 Recovery Expected with New Apple Product Launches

Apple's September launch of AirPods Pro 3 saw robust demand, with supply-chain orders likely increasing. Apple may also introduce a budget MacBook in 4Q25. We forecast revenue to rise 15% QoQ, gross margin to improve to 17%, and EPS to reach NT\$1.26, supported by higher notebook sales contribution.

2026–2027 Growth Driven by Foldable iPhone

The foldable iPhone is expected in 2H26, with shipments of ~6mn in 2026 and 13–14mn in 2027. As one of two hinge suppliers, Shin Zu Shing should see foldable hinge revenue contribute 37% in 2026 and over 50% in 2027.

Financials

	2022	2023	2024	2025F	2026F
EPS (NTD)	8.68	4.30	7.15	2.79	11.46
EPS Growth (%)	42.7	-50.5	66.4	-60.9	310.3
P/E Ratio	27.2	55.0	33.1	84.6	20.6
ROE (%)	10.6	5.1	8.1	3.0	12.2

Source: Company data, estimates of KGI analyst

Valuations

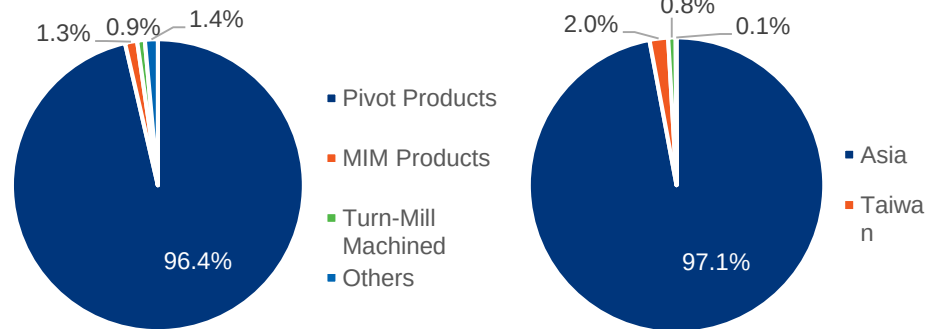
		5Y Avg.	Current	
Price	73.76			296.5
P/E	8.18			66.47
P/B	0.91			3.23

1-Year Price



As of 2 Oct 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	8.79	12.31	24.58	7.76	25.47	31.09

Revenue Sources and Regions



Source: Bloomberg

Mutual Funds/ ETFs

Fed Cuts as Expected — Which Bonds Stand to Benefit?

► PIMCO GIS Income Fund

- One of the world's largest actively managed bond funds.
- Despite rising yields, the fund maintains a competitive estimated yield-to-maturity of 6.3%, providing both income cushion and strong return potential. Proven ability to capture opportunities following market volatility.
- Recognized long-term performance, awarded “Best Global Bond USD Fund (10 Years)” at the Lipper Fund Awards Hong Kong 2023. Consistently ranks in the top percentile within its Morningstar category since inception.
- Managed by a multi-award-winning team led by Group CIO Dan Ivascyn, Alfred Murata, and Josh Anderson — each with nearly 30 years of experience and supported by 80+ global credit analysts. Latest annualized distribution yield: 6.19% (Class E USD).

► AB European Income Portfolio

- Employs a barbell strategy, allocating up to 50% of total assets to below-investment-grade securities.
- Offers attractive opportunities versus traditional euro aggregate bond funds.
- Dynamically balances high-yield exposure with higher-quality government bonds — aiming for growth during risk-on markets and downside protection when markets weaken.
- Managed by six seasoned portfolio managers, including John Taylor (Head of European Fixed Income & Multi-Asset Director, 25+ years experience) and Scott DiMaggio (Global Head of Fixed Income, 32 years experience).
- Established track record with over 25 years of performance history. Latest annualized distribution yield: 5.54% (Class AA EUR).

Source: Bloomberg

Product	PIMCO GIS Income		AB European Income Portfolio	
Features	■ A globally diversified portfolio across IG, HY, EM bonds, and mortgage-backed securities helps spread risk and capture opportunities across markets, providing stable and diversified returns.		■ Diversified across multiple European countries with an effective duration of 5.71 years, suitable for investors seeking regional diversification within European fixed income.	
AUM	USD 105.5 bn		EUR 1.47 bn	
3M/YTD Return	2.59% / 7.26%		0.86% / 2.16%	
Assets (%)	MBS	50.92	Corporate	60.84
	Government	19.46	Government	18.91
	Corporate	17.38	Cash & Equiv	15.31
	Cash & Equiv	12.24	MBS	4.94
Ratings (%)	AAA	16.6	AAA	20.25
	AA	59.0	AA	6.32
	A	5.4	A	14.27
	BBB	8.7	BBB	17.30
	BB	4.0	BB	24.07
Regions (%)	U.S.	81.4	Germany	20.85
	U.K.	14.5	U.K.	17.70
	Australia	6.1	France	11.81
	Mexico	2.1	U.S.	10.20
	Peru	1.3	Spain	8.54
Holdings (%)	FNMA TBA 6.5% AUG 30YR	10.8	Bundesrepublik Deutschland 6.25%, 01/04/30	11.20
	FNMA TBA 6.0% AUG 30YR	10.2	Bundesrepublik Deutschland 5.50%, 01/04/31	2.54
	FNMA TBA 5.0% AUG 30YR	7.6	Spain Government Bond 4.70%, 07/30/41	2.37
	FNMA TBA 5.5% AUG 30YR	5.7	United Kingdom Gilt 4.75%, 10/22/43	2.31
	FNMA TBA 4.0% AUG 30YR	3.2	European Union 3.375%, 10/05/54	1.14

PIMCO GIS Income Fund

Profile

The fund invests primarily in fixed income instruments of varying maturities, aiming to deliver high and stable income without sacrificing long-term capital growth.

Global Diversification

A globally diversified portfolio across investment-grade, high-yield, emerging-market bonds, and mortgage-backed securities helps spread risk and capture opportunities across markets, providing stable and diversified returns.

Expert Active Management

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

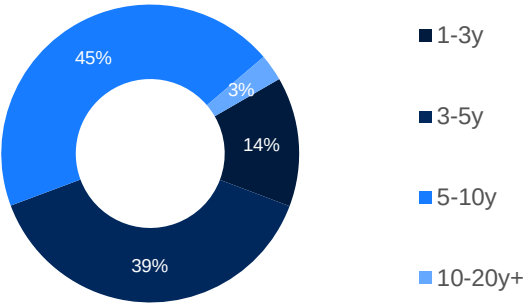
Strong Credit Quality and Recognition

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

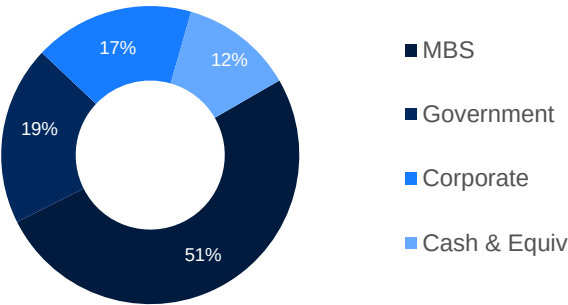
Inception Date	2012/11/30	AUM	USD 105.5 bn
Morningstar Category	Global Bonds	Fund Category	Bond
Morningstar Rating	★★★★	3Y Stand. Dev. (Ann.)	5.45%

Source: PIMCO

Maturity



Assets



Top-5 Holdings (%)

FNMA TBA 6.5% AUG 30YR	10.8
FNMA TBA 6.0% AUG 30YR	10.2
FNMA TBA 5.0% AUG 30YR	7.6
FNMA TBA 5.5% AUG 30YR	5.7
FNMA TBA 4.0% AUG 30YR	3.2

3Y NAV



As of 29 Sep 2025	1M	3M	YTD	1Y	3Y	5Y
USD Cumulative Return (%)	0.75	2.59	7.26	6.09	18.33	25.49
Quartile Ranking Within Category	2	1	1	1	2	2

AB European Income Portfolio

Profile

The fund invests mainly in investment-grade and high-yield fixed income securities issued by European corporates and governments, denominated in euros or other European currencies.

Focused on European Bonds

Diversified across multiple European countries with an effective duration of 5.71 years, suitable for investors seeking regional diversification within European fixed income.

Barbell Strategy for Yield and Stability

Combines investment-grade and high-yield bonds through a barbell approach, allocating up to 50% in sub-investment-grade securities. Current average credit rating: BBB+.

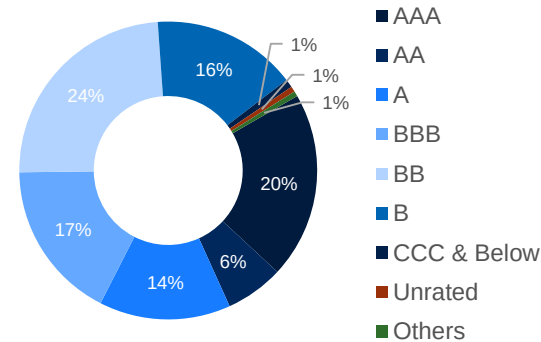
Monthly Distribution and Multi-Currency Options

Offers monthly payouts and multiple currency classes—EUR, USD, and hedged share classes in AUD, HKD, CNY, SGD, and USD.

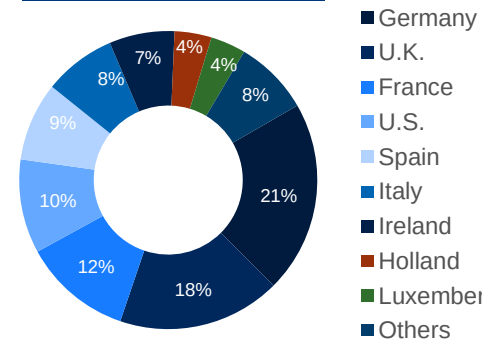
Inception Date	1999/2/26	AUM	EUR 1.473 B
Morningstar Category	Other Fixed Income	Fund Category	Bond
Morningstar Rating	★★★	3Y Stand. Dev. (Ann.)	4.90%

Source: AB

Ratings



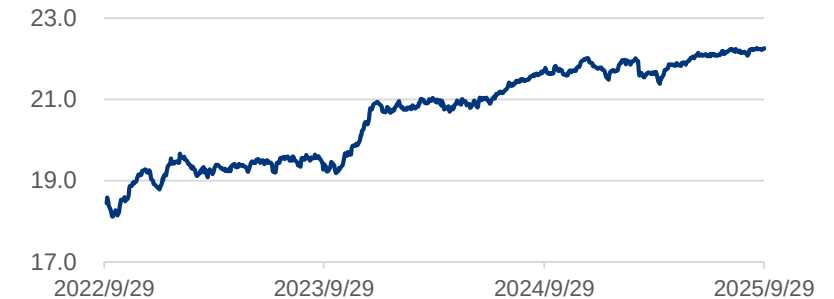
Regions



Top-5 Holdings (%)

Bundesrepublik Deutschland 6.25%, 01/04/30	11.20
Bundesrepublik Deutschland 5.50%, 01/04/31	2.54
Spain Government Bond 4.70%, 07/30/41	2.37
United Kingdom Gilt 4.75%, 10/22/43	2.31
European Union 3.375%, 10/05/54	1.14

3Y NAV



As of 29 Sep 2025	1M	3M	YTD	1Y	3Y	5Y
USD Cumulative Return (%)	0.41	0.86	2.16	2.58	14.63	21.72
Quartile Ranking Within Category	4	2	2	2	4	2

Mutual Funds/ ETFs

Diversifying Beyond the U.S. Market

► Allianz All China Equity Fund

- Seeks attractive opportunities across both onshore and offshore Chinese equities.
- The portfolio targets companies that meet growth, quality, and valuation standards, focusing on high-conviction names.
- The team emphasizes rigorous due diligence, conducting around 1,000 company meetings and visits annually.
- Managed by Shirley Kwan, who has 26 years of investment experience, previously with Goldman Sachs AM, UBS AM, Amundi, AXA IM, and OUB AM; joined Allianz Global Investors in July 2023.

► Allianz China Equity Fund

- Invests primarily in offshore Chinese equities.
- Actively managed with in-depth research to identify companies with strong growth potential.
- Managed by Christina Chung, a 20-year investment veteran specializing in China markets and overseeing around USD 1bn in Hong Kong equity strategies for local pension mandates.

Product	Allianz All China Equity Fund		Allianz China Equity Fund	
Features	■ The portfolio targets companies that meet growth, quality, and valuation standards, focusing on high-conviction names. The team emphasizes rigorous due diligence, conducting around 1,000 company meetings and visits annually.		■ Invests primarily in offshore Chinese equities. ■ Actively managed with in-depth research to identify companies with strong growth potential.	
AUM	USD 769 mn		USD 488 mn	
3M/YTD Return	27.82% / 45.63%		21.87% / 41.86%	
Sectors (%)	Discretionary	21.40	Discretionary	26.70
	Info Tech	18.00	Financials	18.30
	Financials	17.60	Comm. Services	13.90
	Comm. Services	11.40	Info Tech	12.50
	Industrials	8.80	Healthcare	9.10
Holdings (%)	Tencent Holdings	9.4	Tencent Holdings	9.6
	Alibaba Group	6.7	Alibaba Group	8.9
	China Construction Bank	3.9	Xiaomi Corporation	5.7
	Xiaomi Corporation	3.5	China Construction Bank	4.4
	Ping An Insurance	3.1	Ping An Insurance	3.5

Source: Bloomberg

Allianz All China Equity Fund

Profile

The fund seeks long-term capital growth by investing in equities across onshore and offshore China, Hong Kong, and Macau, integrating environmental and social considerations.

Balanced Onshore–Offshore China Exposure

Adopts an “All China” strategy closely aligned with the MSCI All China Index—around 50% A-shares and 50% offshore China stocks—offering balanced access to China’s growth opportunities.

High-Conviction, Research-Driven Portfolio

The investment team conducts about 1,000 company meetings annually, selecting stocks based on three key criteria—growth, quality, and valuation—to build a high-conviction portfolio capturing China’s long-term potential across industries.

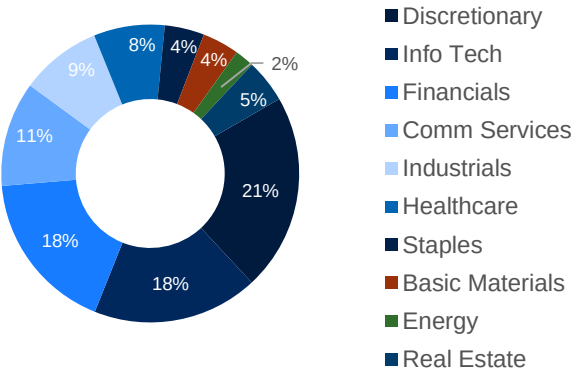
Focus on Structural Growth Themes

Targets China’s long-term growth drivers such as self-sufficiency, AI, advanced manufacturing, domestic consumption, and shareholder returns.

Inception Date	2017/12/5	AUM	USD 769 mn
Morningstar Category	China Equities	Fund Category	Equities
Morningstar Rating	★★★	3Y Stand. Dev. (Ann.)	27.30%

Source: Allianz

Sectors



3Y NAV



As of 29 Sep 2025	1M	3M	YTD	1Y	3Y	5Y
USD Cumulative Return (%)	8.74	27.82	45.63	40.61	51.89	34.60
Quartile Ranking Within Category	1	1	1	1	2	3

Top-5 Holdings (%)

Tencent Holdings	9.4
Alibaba Group	6.7
China Construction Bank	3.9
Xiaomi Corporation	3.5
Ping An Insurance	3.1

Allianz China Equity Fund

Profile

The fund aims for long-term capital appreciation by investing in equities across China, Hong Kong, and Macau, with a focus on offshore markets under ESG principles.

Offshore China Focus

Primarily invests in offshore Chinese equities, which tend to exhibit lower volatility due to a higher proportion of institutional investors and a more mature investor base.

Trusted Active Management

Managed by Christina Chung, a 20-year veteran in China equity investing, who also manages about USD 1bn in Hong Kong equity mandates for local pension funds. The team applies in-depth research to identify stocks with strong growth potential.

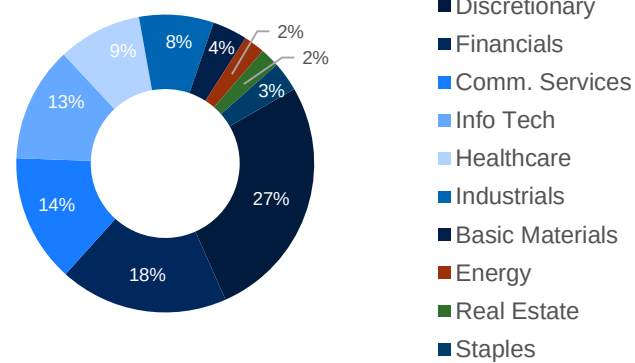
Capturing China's New Growth Drivers

The fund seeks to benefit from China's structural transformation, where growth is increasingly driven by innovation in technology, data, and science, alongside a rapidly developing and globally integrated capital market.

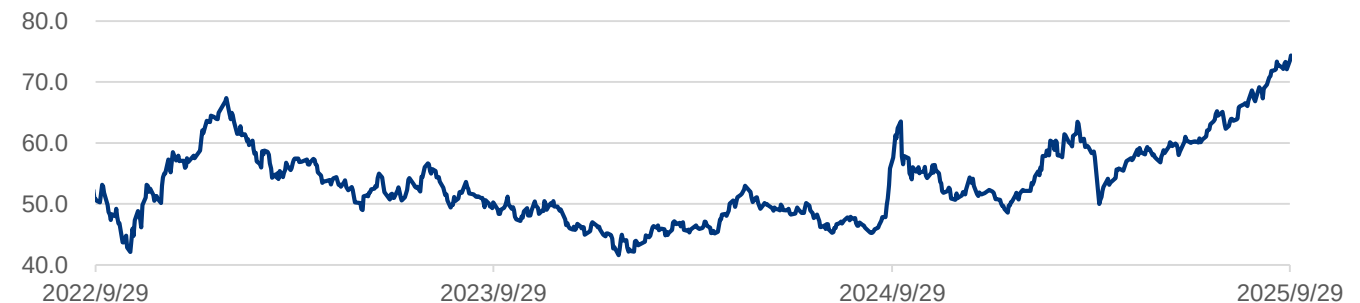
Inception Date	1992/7/17	AUM	USD 488 mn
Morningstar Category	China Equities	Fund Category	Equities
Morningstar Rating	★★★	3Y Stand. Dev. (Ann.)	32.64%

Source: Allianz

Sectors



3Y NAV



As of 29 Sep 2025	1M	3M	YTD	1Y	3Y	5Y
USD Cumulative Return (%)	9.09	21.87	41.86	33.64	48.50	46.74
Quartile Ranking Within Category	1	1	1	2	2	2

Top-5 Holdings (%)

Tencent Holdings	9.6
Alibaba Group	8.9
Xiaomi Corporation	5.7
China Construction Bank	4.4
Ping An Insurance	3.5

Bonds

Australia's Slower Easing Pace Supports the Currency; Consider Allocating to Quality AUD-Denominated Assets

► HSBC Holdings Ltd. (HSBC 4.768 08/28/31)(AUD) ► HSBC Holdings Ltd. (HSBC 5.642 08/28/2036)(AUD)

- HSBC maintains one of the strongest capital positions among European banks. As of 2Q25, the group's CET1 ratio stood at 14.6%, supported by a capital framework that ensures subsidiaries remain self-sufficient in funding and capitalization.
- The group's diversified and stable deposit base underpins strong liquidity, with a loan-to-deposit ratio of 56%, well below both domestic and global peers. HSBC also reports a liquidity coverage ratio of around 140%, reflecting prudent liquidity management and a funding model where deposits consistently exceed loans.
- Asset quality remains sound, with diversified exposure across corporate lending and residential mortgages, mainly in Hong Kong and the UK. The bank's risk appetite is typically lower than local peers, and its China CRE exposure is fully provisioned, limiting the likelihood of further credit losses.
- HSBC has gradually exited underperforming and non-core Western markets in recent years, focusing on efficiency and profitability. The group targets USD 1.5bn in cost savings by 2026, reinforcing earnings resilience and capital discipline.

Product	HSBC 4.768 08/28/2031 (HSBC Holdings Ltd.)(AUD)	HSBC 5.642 08/28/2036 (HSBC Holdings Ltd.)(AUD)
ISIN	AU3CB0325280	AU3CB0325298
Features	Asset quality remains sound, with diversified exposure across corporate lending and residential mortgages, mainly in Hong Kong and the UK.	
Maturity Date	2031/8/28	2036/8/28
Next Call Date	2030/8/28 (non call 2030)	2035/8/28(non call 2035)
Coupon (%)	Float/4.768/Bi-annual	Float/5.642/Bi-annual
Currency	AUD	
Years to Maturity	5.91	10.91
Credit Rating (Moody's/Fitch/ S&P)	A3/A+/A-	A3/A+/A-
Seniority	Senior Unsecured	Senior Unsecured
YTM/YTC (%)	4.91/4.79	5.60/5.53

Source: Bloomberg

HSBC Holdings Ltd. (HSBC 4.768 08/28/31)

Profile

HSBC maintains one of the strongest capital positions among European banks. As of 2Q25, the group’s CET1 ratio stood at 14.6%, supported by a disciplined capital framework that ensures subsidiaries remain self-sufficient.

- The bank’s large and diversified deposit base underpins robust liquidity, with a loan-to-deposit ratio of 56%, well below domestic and global peers. HSBC’s liquidity coverage ratio is around 140%, reflecting prudent balance sheet management and a funding structure where deposits consistently exceed loans.
- Asset quality remains solid, with diversified exposure across corporate lending and residential mortgages, concentrated mainly in Hong Kong and the UK. The bank’s risk appetite is generally lower than peers, and China CRE exposure is fully provisioned, implying limited incremental credit losses ahead.
- HSBC continues to streamline operations by exiting underperforming Western markets, targeting USD 1.5bn in cost savings by 2026, further enhancing profitability and capital efficiency.

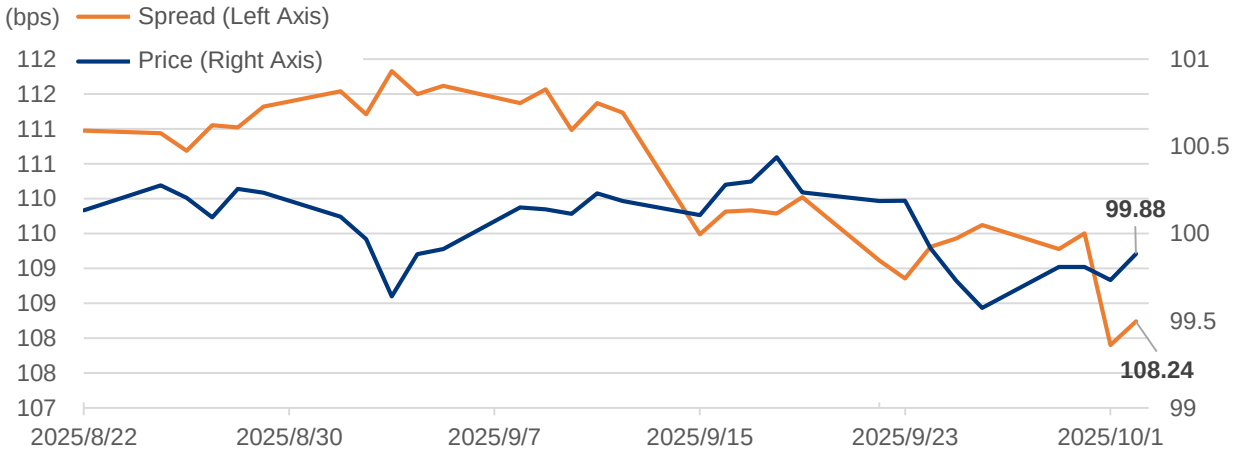
Financials	2024Q4	2025Q1	2025Q2
ROTE (%)	14.85	12.26	11.47
Liquidity Coverage Ratio (%)	138.00	139.00	140.00
CET1 Capital Ratio	14.90	14.70	14.60

Source: Bloomberg

Overview

Name	HSBC 4.768 08/28/31	ISIN	AU3CB0325280
Maturity Date	2031/8/28	Remaining Maturity	5.91
Coupon(%)	Float/4.768/Bi-annual	YTM/YTC(%)	4.91/4.79
Currency	AUD	Min. Subscription/ Increment	250,000/10,000
Ratings (Moody's/Fitch/S&P)	A3/A+/A-	Seniority	Senior Unsecured

Price (New Issued Bond)



HSBC Holdings Ltd. (HSBC 5.642 08/28/36)

Profile

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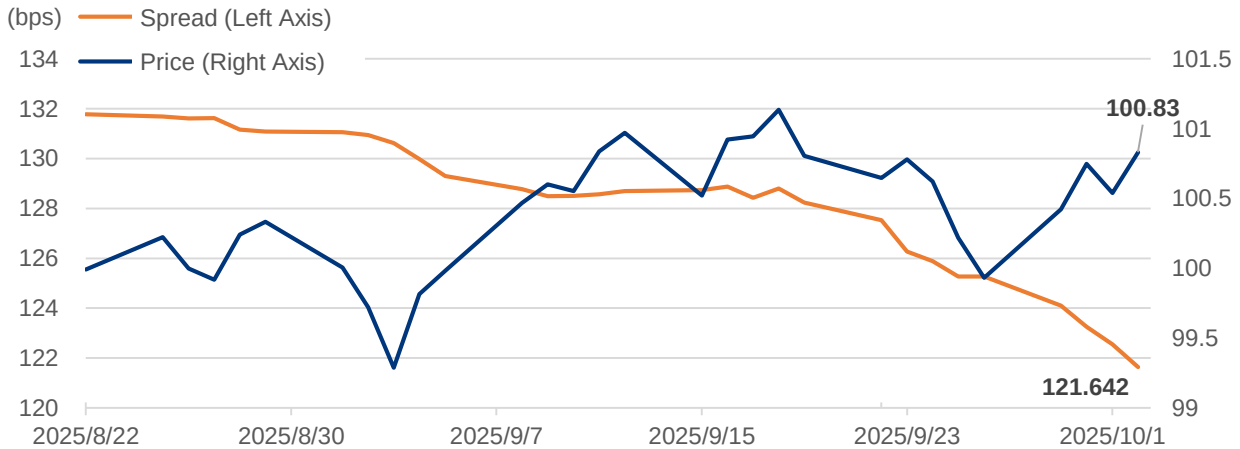
Financials	2024Q4	2025Q1	2025Q2
ROTE (%)	14.85	12.26	11.47
Liquidity Coverage Ratio (%)	138.00	139.00	140.00
CET1 Capital Ratio	14.90	14.70	14.60

Source: Bloomberg

Overview

Name	HSBC 5.642 08/28/36	ISIN	AU3CB0325298
Maturity Date	2036/8/28	Remaining Maturity	10.91
Coupon(%)	Float/5.642/Bi-annual	YTM/YTC(%)	5.60/5.53
Currency	AUD	Min. Subscription/ Increment	250,000/10,000
Ratings (Moody's/Fitch/S&P)	A3/A+/A-	Seniority	Senior Unsecured

Price (New Issued Bond)



Appendix

Key Economic Data / Events

► OCT 2025

29

Monday

- Eurozone Sept Consumer Confidence (final) (Act:-14.9 Prev:-15.5)

30

Tuesday

- US Aug JOLTS Job Openings (Act:7,227k Est:7,200k Prev:7,208k)
- US Sept Consumer Confidence (Act:94.2 Est:96.0 Prev:97.8)
- Japan Aug Industrial Production (Act:-1.2% Est:-0.9% Prev:-1.2%)
- Japan Aug Retail Sales (Act:-1.1% Est:1.2% Prev:-1.6%)
- China Sept Manufacturing PMI (Act:49.8 Est:49.6 Prev:49.4)
- China Sept Services PMI (Act:50.0 Est:50.2 Prev:50.3)

1

Wednesday

- US Sept ADP Employment Change (Act:-32k Est:51k Prev:-3k)
- US Sept S&P Global Mfg PMI (Act:52.0 Est:52.0 Prev:53.0)
- US Sept ISM Mfg PMI (Act:49.1 Est:49.0 Prev:48.7)
- Japan Sept Mfg PMI (Act:48.5 Prev:49.7)
- Eurozone Sept HCOB Mfg PMI (Act:49.8 Est:49.5 Prev:50.7)
- Eurozone Sept CPI (prelim) (Act:2.2% Est:2.2% Prev:2.0%)

2

Thursday

- US Weekly Initial Jobless Claims (Act:N/A Prev:218k)
- US Aug Durable Goods Orders (final) (Act:N/A Prev:-2.7%)
- Eurozone Aug Unemployment Rate (Act:6.3% Est:6.2% Prev:6.2%)

3

Friday

- US Sept Nonfarm Payrolls (Est:53k Prev:22k)
- US Sept Unemployment Rate (Est:4.3% Prev:4.3%)
- US Sept ISM Services PMI (Est:51.7 Prev:52.0)
- Japan Aug Unemployment Rate (Act:2.6% Est:2.4% Prev:2.3%)
- Japan Aug Job-to-Aplicant Ratio (Act:1.20 Est:1.22 Prev:1.22)
- Eurozone Aug PPI (Est:-0.4% Prev:0.2%)

6

Monday

- Eurozone Oct Sentix Investor Confidence (Est:-8.6 Prev:-9.2)
- Eurozone Aug Retail Sales YoY (Est:1.3% Prev:2.2%)

7

Tuesday

8

Wednesday

- Taiwan Sept CPI YoY (Est:1.61% Prev:1.60%)
- Taiwan Sept PPI YoY (Prev:-4.98%)
- Taiwan Sept Exports YoY (Est:38.5% Prev:34.1%)
- US Fed FOMC Minutes

9

Thursday

- US Weekly Initial Jobless Claims
- Japan Sept Machine Tool Orders (prelim) (Prev:8.5%)

10

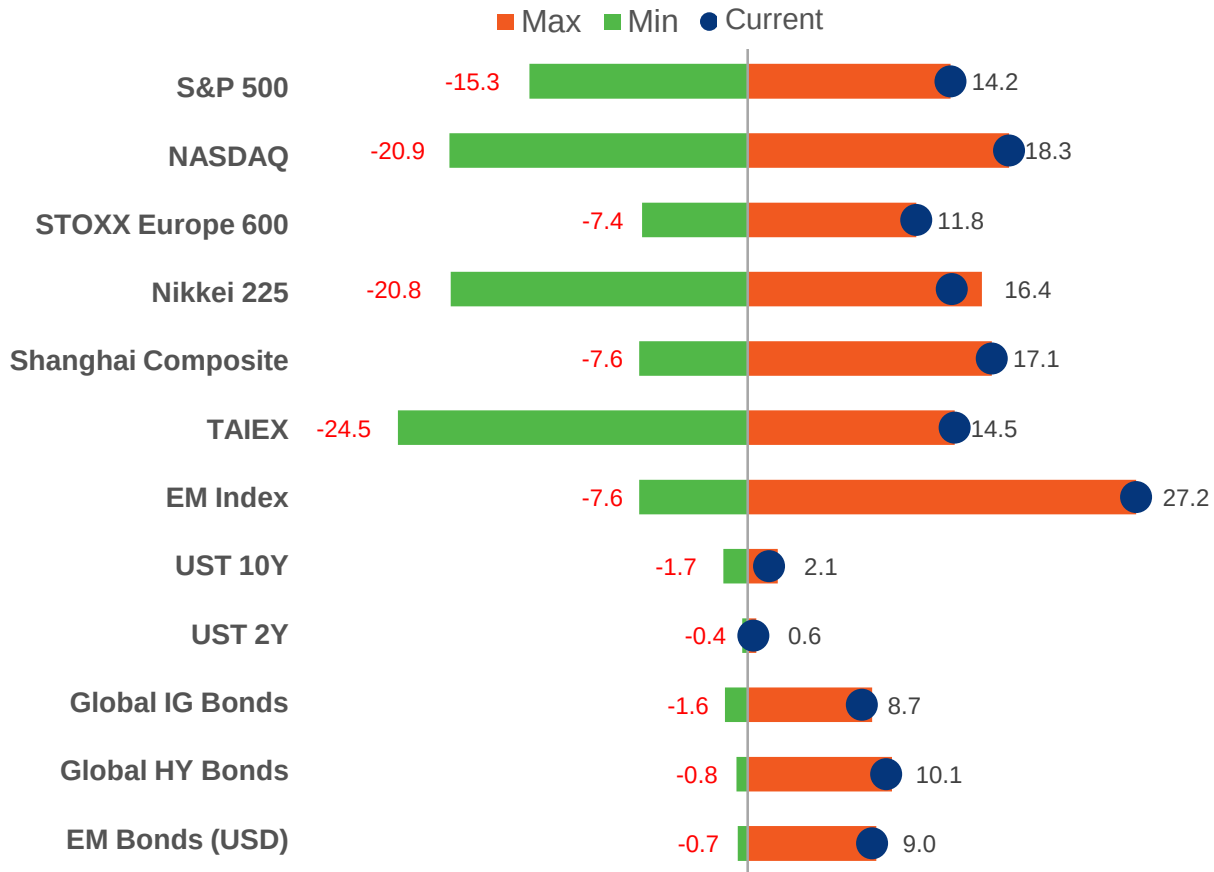
Friday

- US Oct Michigan Consumer Sentiment (prelim) (Est:54.3 Prev:55.1)
- Japan Sept PPI YoY (Est:2.4% Prev:2.7%)

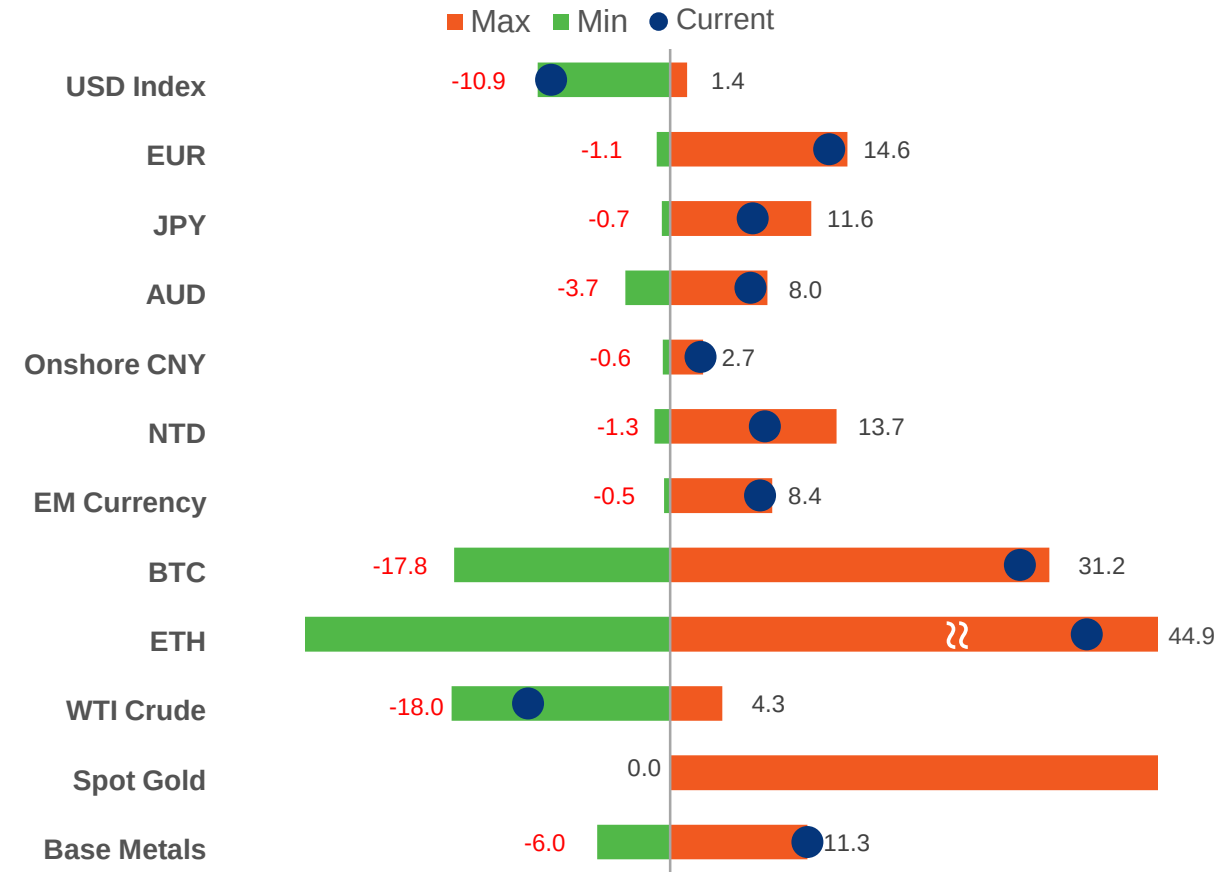
Source: Bloomberg

YTD Major Market / Asset Performance

Equities & Bond Markets YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



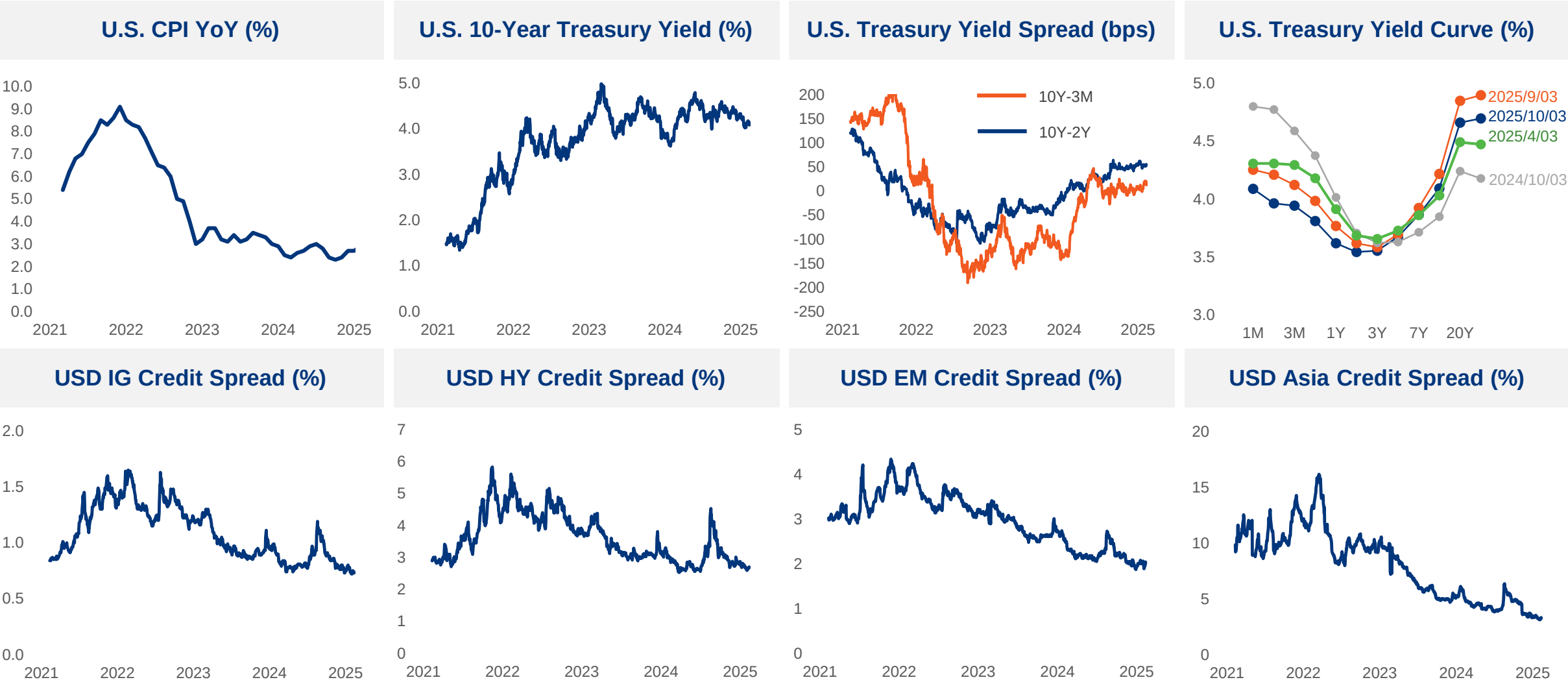
Source: Bloomberg, 3 Oct 2025

Technical Analysis



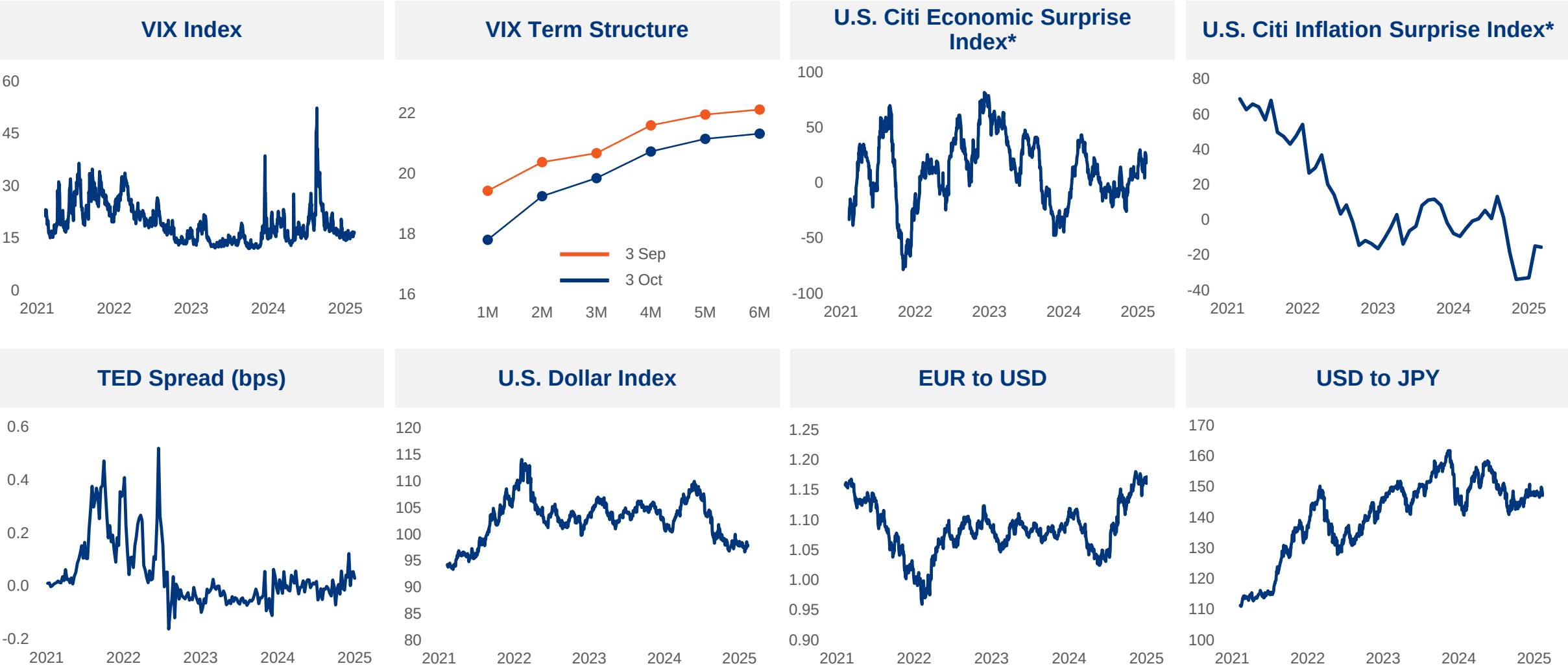
Source: Bloomberg, 3 Oct 2025

Market Monitor



Source: Bloomberg, 3 Oct 2025

Market Monitor



Source: Bloomberg, 3 Oct 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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