



CIO Office

Global Markets Weekly Kickstart

The Golden Road Ahead

13 October 2025



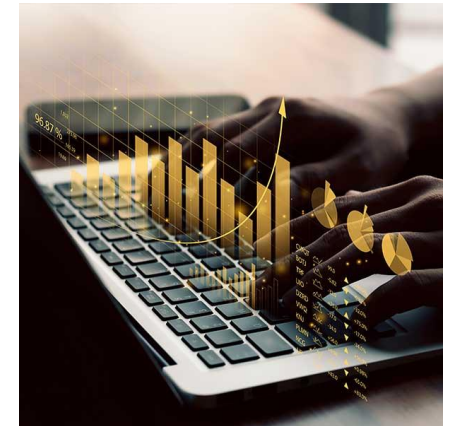
01 Chart of the Week

Falling Rates, Central Bank and Investor Buying Support Gold's Upside Momentum



02 Market Recap

AI Tailwinds and Weak Dollar Keep Risk Assets and Gold Strong



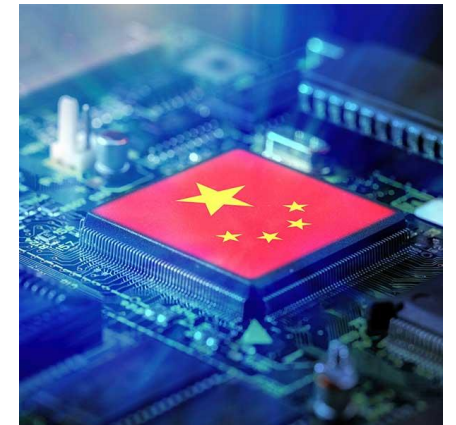
03 What's Trending

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15th Five-Year Plan Outlook Favors Tech; AI Trend Drives Early Profit Growth



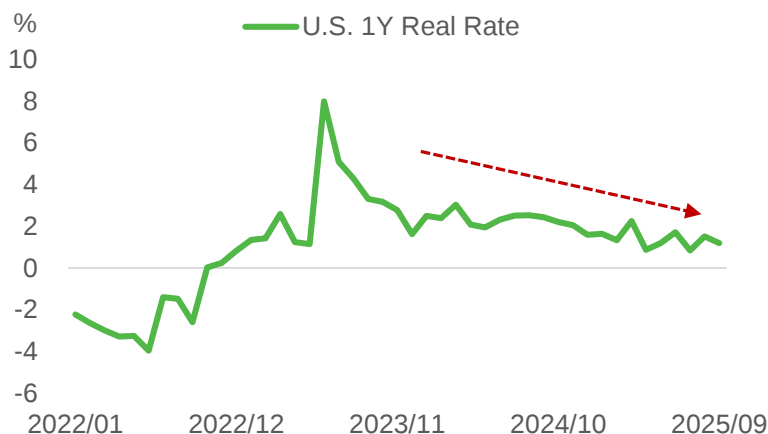
05 Product Spotlight

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

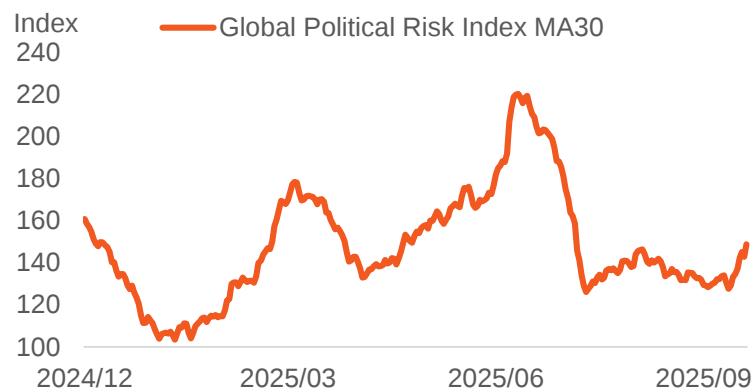
Falling Rates and Ongoing Market Buying Support Gold's Upside

- ▶ U.S. inflation remains stable—neither accelerating nor slowing meaningfully. In September, the Fed cut rates by 25 bps as cooling labor data prompted policy easing, while the dot plot indicated room for two more cuts this year. This has driven real rates lower, reducing gold's opportunity cost and boosting investor demand.
- ▶ Political and geopolitical uncertainties continue to lend support. The U.S. government shutdown amid bipartisan gridlock, coupled with Trump's deployment of National Guard units to Democratic cities, has heightened domestic tensions. Meanwhile, unresolved conflicts in Ukraine and the Middle East have lifted global risk indices, reinforcing gold's appeal as a volatility hedge.
- ▶ On the capital front, the ease of investing via gold ETFs has encouraged steady inflows. With rate cuts resuming and uncertainty elevated, gold remains a favored asset. Moreover, continued central bank accumulation underpins medium- to long-term demand. We remain bullish and raise our long-term gold target price to USD 4,200/oz.

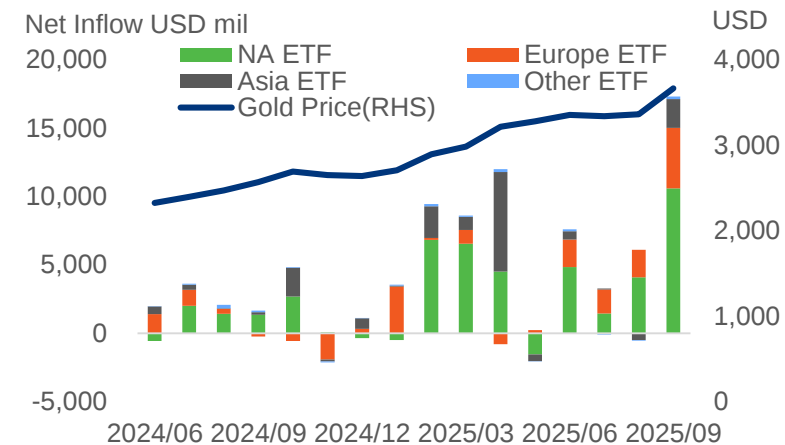
U.S. Real Rates Falling



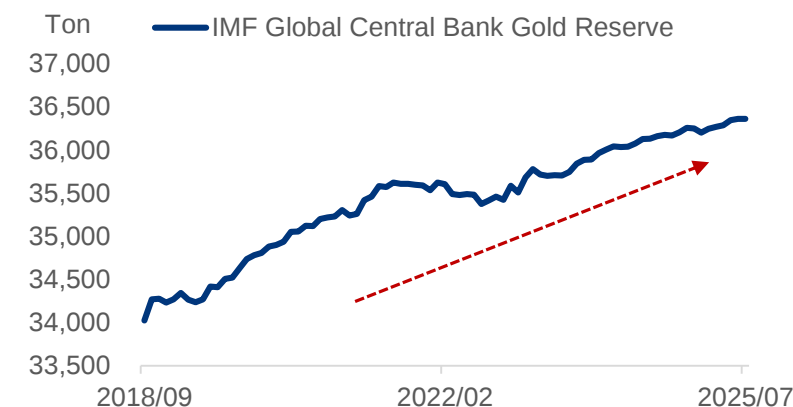
Geo-Political Risk Rising



Non-stop Gold ETF Inflow



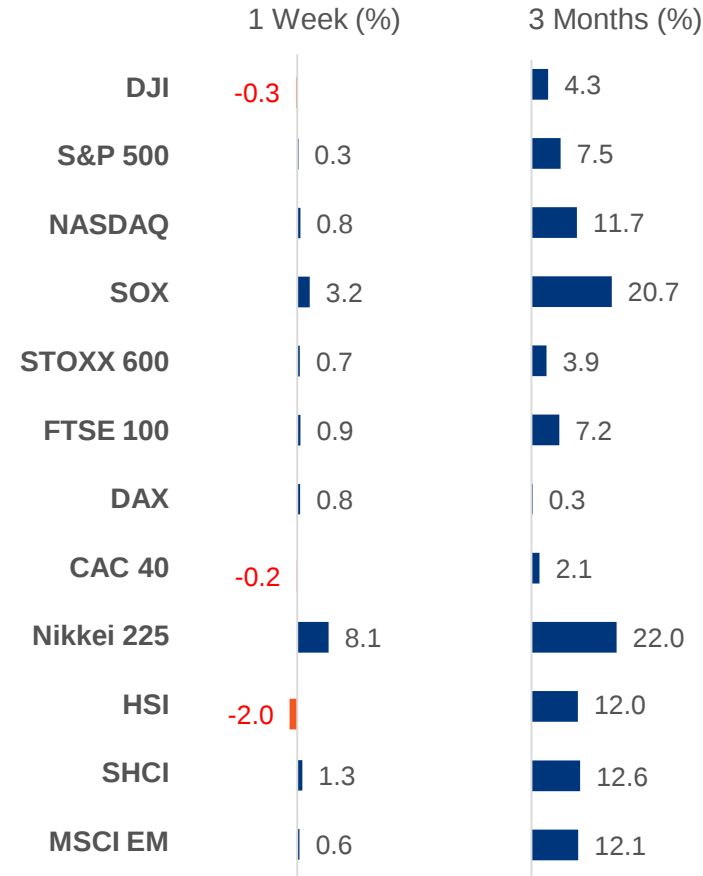
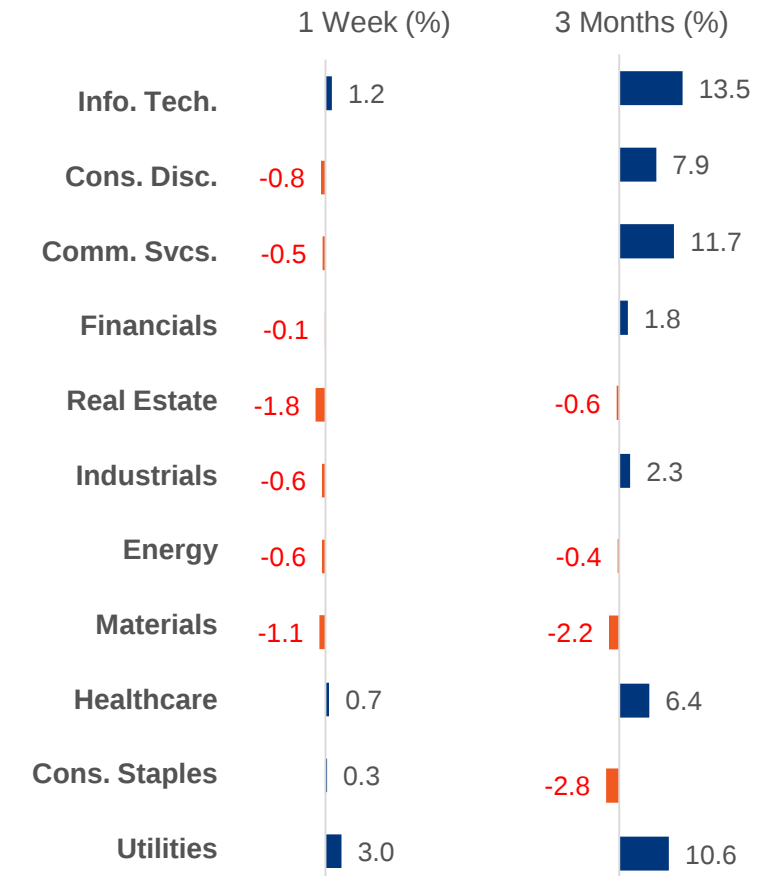
Ongoing Increase of Gold Reserve from Central Banks



Source: Bloomberg, FRED, World Gold Council

Market Recap**AI Tailwinds and Rate-Cut Bets Lift Global Equities on Renewed Risk Appetite**

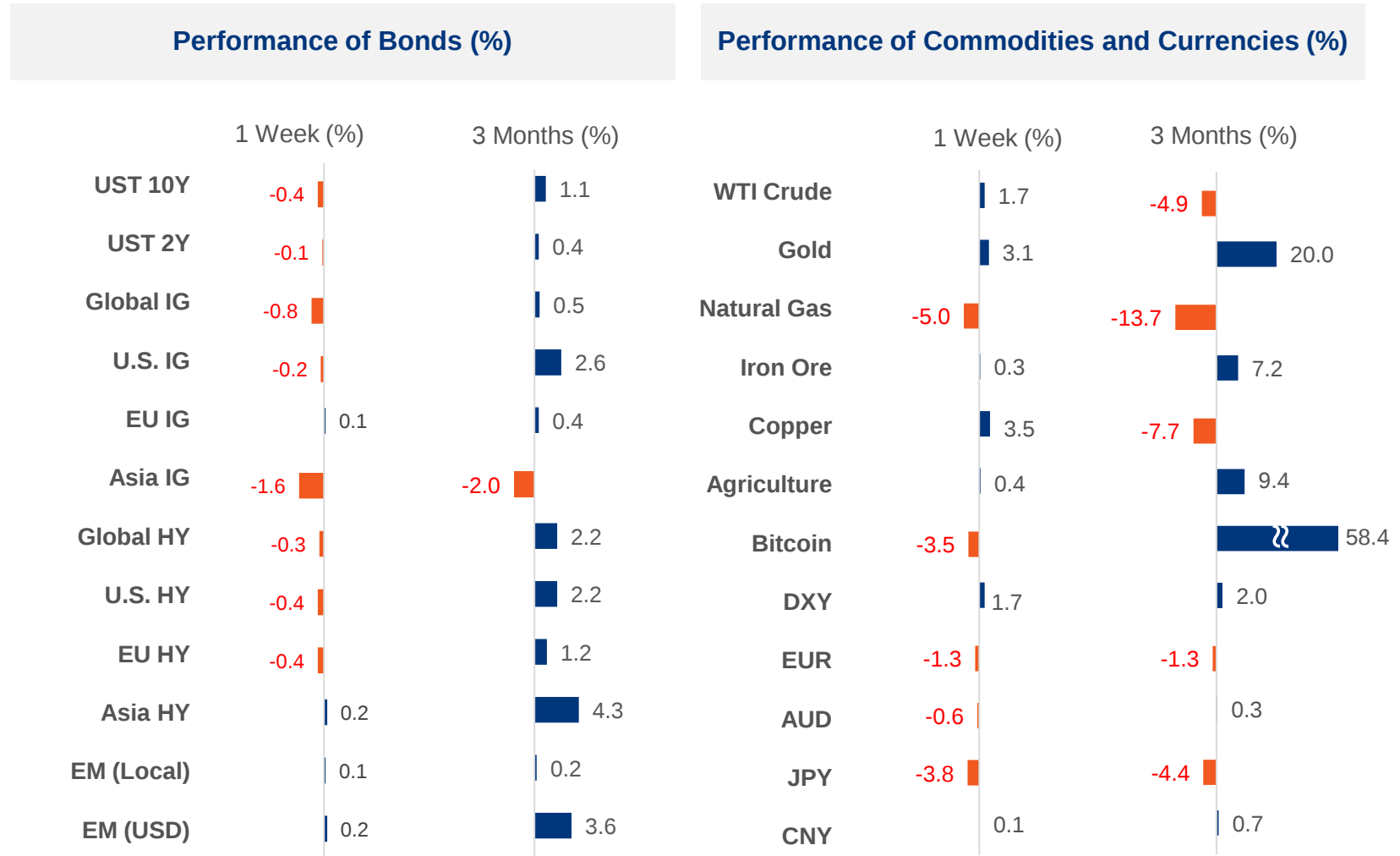
- ▶ Positive AI momentum continues as OpenAI signs a record chip supply deal with AMD, while Nvidia CEO Jensen Huang highlighted surging AI computing demand and plans to invest in Musk's xAI. Tech stocks rallied, and infrastructure spending in AI-related utilities added further strength. All four major U.S. indices closed higher, with the Philadelphia Semiconductor Index up 5.5%.
- ▶ Global markets also advanced after the Fed's meeting minutes showed most officials favoring a more accommodative stance, suggesting additional rate cuts by year-end. Markets now price in a high probability of a rate cut in late October, with another possible in December, fueling risk-on sentiment.
- ▶ In Japan, the LDP held a full-member presidential election for the first time, with Sanae Takaichi becoming the party's first female leader. Markets welcomed her likely ascent to prime minister, viewing her dovish monetary stance and aggressive fiscal expansion plans as supportive for equities.

Regional Index Performance (%)**U.S. Sector Index Performance (%)**

Source: Bloomberg, 10 Oct 2025

Strong Risk Appetite Weighs on Bonds; U.S. Shutdown Uncertainty Drives Safe-Haven Flows into Gold

- Fed minutes showed most officials expect to maintain an accommodative stance this year, with an October rate cut nearly certain. However, the government shutdown has halted key data releases from the Labor and Commerce Departments, adding policy uncertainty as the Fed may have to decide without updated economic inputs. Meanwhile, buoyant global risk sentiment and strong U.S. equities have pressured bonds, while Asian equities' strength has weighed on Asian investment-grade debt amid risk-on flows.
- The renewed U.S. government shutdown, soft labor data, and geopolitical tensions continue to fuel demand for gold, pushing prices above USD 4,000/oz for the first time. Bitcoin pared gains after hitting record highs amid profit-taking. Falling U.S. yields support a weaker long-term USD trend, though French political instability has pressured the euro. In Japan, expectations of fiscal expansion and delayed BoJ tightening following the election of a dovish LDP leader drove sharp yen depreciation, lifting the dollar index against major peers.



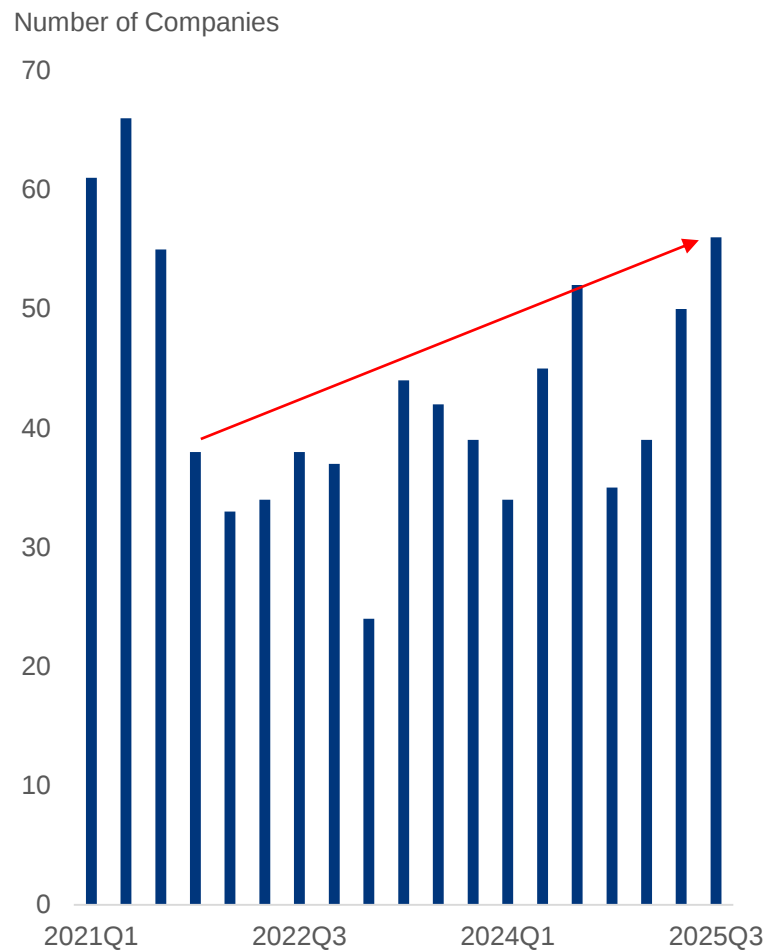
Source: Bloomberg, 10 Oct 2025

What's Trending

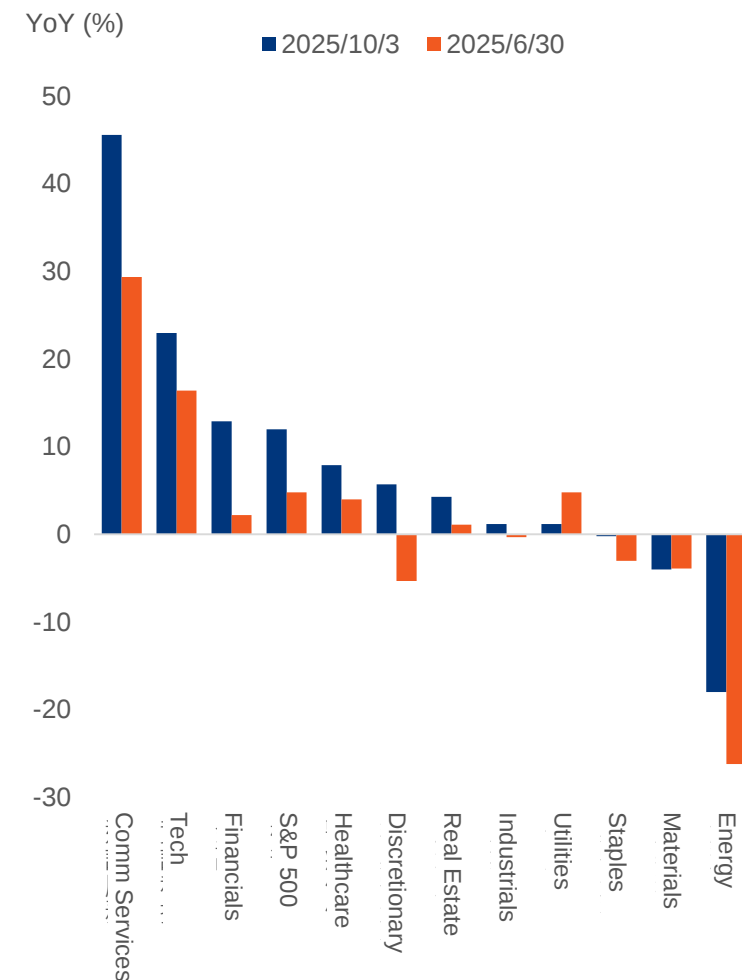
U.S. 3Q Outlook Turns Positive; Earnings Upgrades Led by Communication Services, Tech, and Financials

- ▶ Of the 112 S&P 500 companies issuing guidance for 3Q, 56 provided positive guidance - a 50% ratio, above the 5-year average of 43% and the 10-year average of 39%. The number of positive outlooks was also the highest since 3Q21. According to FactSet, optimism is largely driven by the tech sector's confidence in AI's long-term potential, with 36 tech firms giving positive guidance - exceeding all other sectors combined.
- ▶ The Q3 earnings season kicks off on October 14 with major banks. Both analysts and corporates have turned more upbeat on 3Q results. Compared with end-June, consensus profit growth for the S&P 500 has improved from 4.8% to 12%. Apart from utilities, where estimates were revised down, most sectors saw upgrades. Communication services earnings are now expected to grow 45.6% (from 29.4%), information technology 23% (from 16.4%), and financials 12.9% (from 2.2%), making them the key drivers of index-level earnings growth.

Number of Companies Issuing Positive 3Q EPS Guidance Hits Highest Since 2022



Communication Services, Tech, and Financials Outperform S&P 500 in Earnings Growth



Source: FactSet, KGI

“15th Five-Year Plan” to Emphasize Tech Self-Reliance; Policy Support to Favor Technology Stocks

- ▶ The CCP Politburo held a meeting in late September and announced that the Fourth Plenary Session will convene from October 20–23 to review recommendations for the “15th Five-Year Plan.” The meeting reaffirmed two key priorities—advancing green, low-carbon transformation and strengthening technological self-reliance—while emphasizing the continued development of “new quality productive forces.”
- ▶ This concept, first introduced by Xi Jinping during local inspections in 2023, refers to innovation-driven productivity characterized by high-end industrial upgrading, digitalization, and sustainability. Following heightened U.S.-China trade tensions this year, the principle of self-reliance has gained renewed importance. Over the next five years, technology and manufacturing upgrades are expected to benefit from supportive policy direction.
- ▶ Based on the “14th Five-Year Plan” for digital economy and the industrial classification of the electronics and information sectors, key beneficiaries include semiconductors, software services, next-gen communications (5G/6G), AI, big data, and cloud services. In Hong Kong, large-cap stocks are well positioned to capture upside across these broad tech and AI themes.

Policy Focus Shifts Toward Tech; 15th Five-Year Plan Likely to Emphasize Tech Self-Reliance

2023 Central Economic Work Conference
Promote modernization of the industrial system through technological innovation
2024 Government Work Report
Accelerate modern industrial system development and new quality productive forces
Deepen the strategy of rejuvenating the nation through science and education
2024 Central Economic Work Conference
Advance new quality productive forces led by technological innovation and build a modern industrial system
2025 Government Work Report
Develop new quality productive forces based on local conditions and speed up modern industrial system construction
Deepen the strategy of rejuvenating the nation through science and education
2025 Politburo Meeting
Develop new quality productive forces according to local conditions, avoiding one-size-fits-all policies
Continue promoting green, low-carbon transition and tech self-reliance; strengthen industrial and supply chain security and resilience

Policy Priorities Favor Tech and AI Sectors, Centered on Hong Kong Stocks

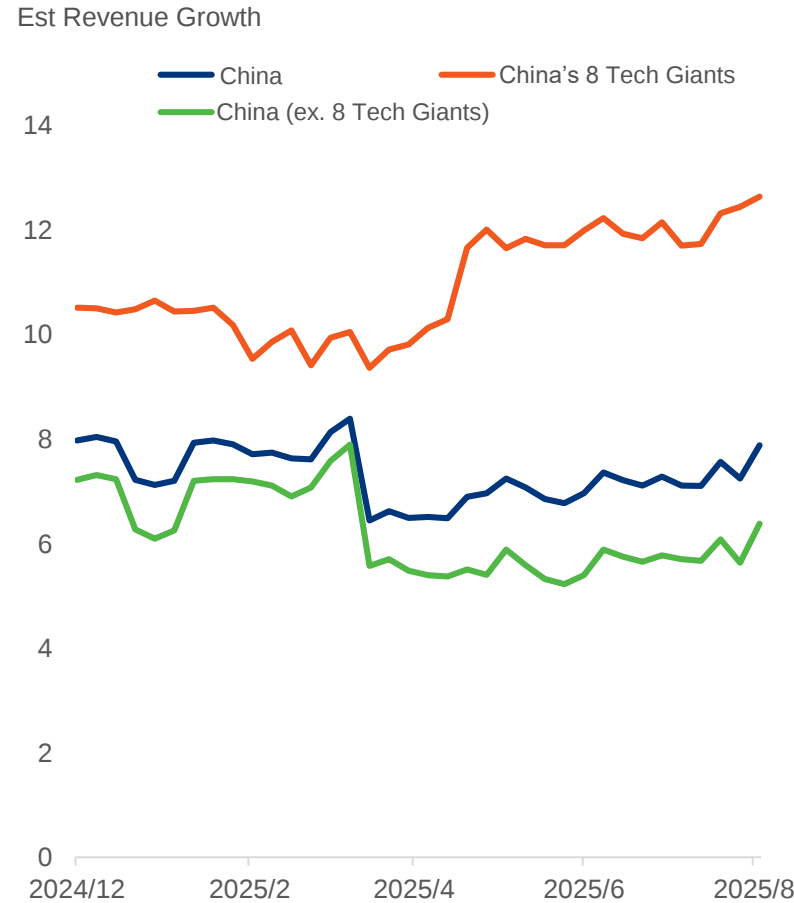
Key Sectors	Leading Companies*
Semi-conductor	Chip design, manufacturing, and packaging; accelerating self-sufficiency 1. SMIC (981 HK, 688981 SH) 2. Hua Hong Semiconductor (1347 HK)
Software Services	System software, application ecosystem, and IT services; supporting digital transformation policies 1. Tencent Holdings (700 HK) 2. Alibaba Group (9988 HK)
Next-Gen Communication	Wireless communication equipment and network infrastructure 1. China Mobile (941 HK, 600941 SH) 2. ZTE Corp. (763 HK, 000063 SH)
Artificial Intelligence	Machine learning, image recognition, and multimedia applications across industries 1. Tencent Holdings (700 HK) 2. Baidu (9888 HK)
Big Data	Data storage, analytics, and applications for intelligent decision-making 1. Alibaba Group (9988 HK) 2. Tencent Holdings (700 HK)
Cloud Services	IaaS, PaaS, and SaaS-based solutions 1. Alibaba Group (9988 HK) 2. Tencent Holdings (700 HK)

Source: Bloomberg; *Note: Top 2 by market cap, including Mainland & Hong Kong listings

China Tech Giants Outperform Sharply, Yet Global Investors Remain Underexposed

- ▶ Earnings forecasts show that China's eight major tech giants (note 1)—all listed in Hong Kong and accounting for over 40% of MSCI China's weight—are benefiting from AI development and DeepSeek-related applications, driving double-digit revenue growth above 12%. This far outpaces the overall China market's 8% and just 7% (ex-top 8), underscoring the sector's strong relative performance. The trend suggests a trajectory similar to the U.S. in the AI era, and with Beijing's continued push for tech self-reliance, Hong Kong-listed tech names stand to gain further.
- ▶ From a global asset-allocation perspective, exposure to China has remained light. After peaking at 13% in early 2023, allocations have mostly fluctuated between 7–9%. Before the 2025 U.S.-China trade tensions under Trump, China exposure (including A-shares and Hong Kong) briefly reached 9.1% of global portfolios but later fell amid renewed uncertainty. With potential policy tailwinds and continued tech earnings strength, allocations could trend higher toward past peak levels.

Tech Giants Show Strong and Rising Revenue Growth



Funds Returning to China, but Global Allocation Remains Low



Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	◆ The Fed's renewed rate cuts and rising AI momentum from major tech collaborations continue to fuel global equity gains and strong risk appetite. Still, U.S. labor market weakness poses downside risk. Maintain balanced exposure across sectors and stay flexible. Add high-quality stocks; long-term investors can accumulate AI and tech names on pullbacks. Growth and U.S. small caps offer short-term trading opportunities under easing policy. ◆ Improving eurozone fundamentals and lower valuations favor U.K. and German equities. In Japan, Takaichi's dovish stance supports equities, while rising wages and tariff progress sustain optimism for domestic and bank stocks.	Strategy: Respond to volatility by adding high-quality names. Maintain exposure to secular AI and tech; accumulate quality growth stocks on dips. Regions: European, U.K., Japan domestic demand and banks
Bonds	◆ The U.S. government shutdown has limited short-term impact but delays key data releases, while Trump's layoff threats add uncertainty to the economic outlook. This lifts expectations for an October rate cut, yet the steep yield curve, weakening jobs data, and sticky inflation suggest favoring Treasuries and investment-grade bonds for yield carry. A-rated or higher corporate leaders remain preferable, with stronger risk-adjusted spreads in financials, industrials, energy, utilities, and communications. ◆ The USD remains in a weak trend; investors can diversify via non-USD investment-grade bonds, particularly those denominated in EUR or SGD.	Duration: Short-to-medium IG bonds for yield lock-in Sector: Financials, industrials, energy, utilities, telecom
Forex	◆ Market uncertainty persists, but a year-end rate cut remains likely, keeping the USD Index under pressure and its medium-term trend weak. ◆ Non-USD currencies such as the euro, yen, and pound are expected to trade with an upward bias.	USD: Weak, consolidating EUR, JPY, GBP: Gradual upside with swings
Commodity	◆ With the USD's medium-term weakness, lower rates, lingering inflation risks, and widening fiscal deficits—alongside ongoing central bank and investor gold buying—gold still has upside potential and can be accumulated on pullbacks.	Gold: Bullish



Domestic Hotels Benefit from Resilient Travel Demand

Golden Week Travel Demand Remains Solid, Led by Short-Distance Trips

China’s 2025 National Day Golden Week highlighted resilient leisure travel demand, creating investment opportunities for the domestic hotel sector. During the 8-day holiday (Oct 1–8), cross-regional travel volume rose 6.2% YoY, with self-driving trips dominating—suggesting short-distance interregional travel remains the core of domestic tourism.

Regional and Cross-Border Trends Diverge

Travel demand showed notable regional divergence. East China led with over 20% YoY growth in tourist numbers, while South and West China (e.g., Guangdong, Shaanxi) lagged due to adverse weather. Outbound travel recovery remains slower than expected, while inbound tourism continues to strengthen.

Focus on Leading Hotel Groups

Solid domestic demand underpins hotel sector growth. Although regional weather factors may cause divergence in RevPAR performance, rising overall passenger flow remains a positive signal. Leading hotel chains with strong brand and operational advantages are best positioned to capture these trends and represent key investment opportunities.

2025 China Holiday Travel Overview	
Lunar Year Festival (Jan 28–Feb 4)	501M domestic trips (+5.9% YoY) - RMB 677B in total spending (+7.0% YoY)
Labor Day (May 1–5)	314M domestic trips (+6.4% YoY) - RMB 180B in total spending (+8.0% YoY)
National Day & Mid-Autumn Festival (Oct 1–8)	2.43B cross-regional trips, a record high - Daily average 304M travelers (+6.2% YoY)

Atour Lifestyle Holdings (ATAT)

Closing Price US \$35.49

Target Price US \$42

Atour operates over 800 hotels across 100+ cities in China, positioning itself as a lifestyle-driven hospitality brand. In recent years, it has actively developed retail operations to diversify revenue streams.

“Experience Is Sales” Model Drives Rapid Retail Growth

Atour’s strength lies in blending hospitality with retail, creating strong synergy. Its signature pillows, bedding, and aromatherapy products—popular among guests—extend the hotel experience into daily life. This unique “experience-to-sales” model underpins robust retail momentum, with revenue projected to grow at a >30% CAGR over the next four years.

Premium Expansion Unlocks Room-Rate Upside

Atour is expanding into the high-end market, including a new five-star hotel in Shenzhen’s Futian District focused on cultural and wellness experiences. This strategy should lift the brand’s average room rate, expected to rise 1.4% this year.

Retail Business Undervalued

The retail segment remains undervalued. A sum-of-the-parts comparison using Huazhu Group (1137) suggests Atour’s retail arm trades at an implied P/E of only 13x—well below the group’s overall valuation—indicating hidden value yet to be recognized by the market.

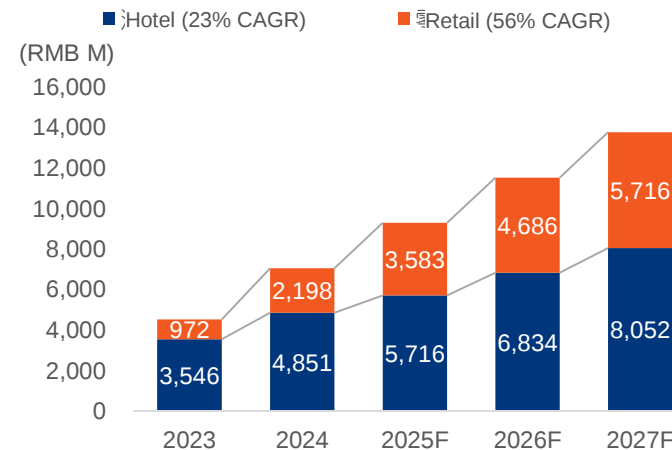
Target Price: USD 42, Attractive Valuation

Atour currently trades at 18x forward P/E. We set a target price of USD 42, implying a 21x P/E, reflecting solid growth potential and attractive valuation.

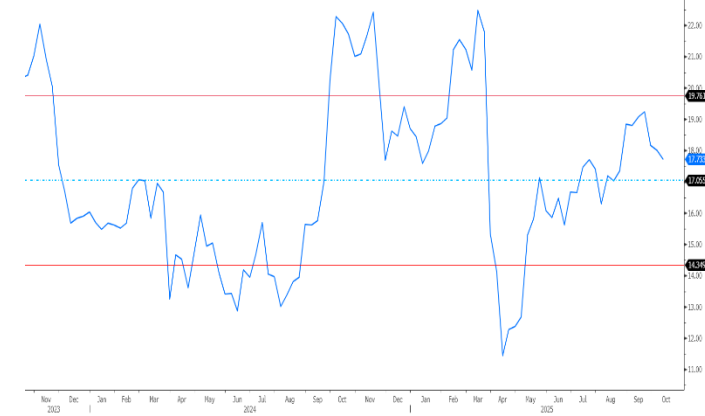
Financials

	2022	2023	2024	2025F	2026F
Revenue (CNY Billion)	2.3	4.7	7.2	9.5	11.7
Revenue YoY	5.4	106.2	55.3	31.0	23.6
EPS (CNY)	0.2	6.5	9.4	11.2	14.3
EPS YoY	-42.5	2,739.1	43.8	19.4	27.1
ROE(%)	11.0	45.2	50.8	44.8	43.2

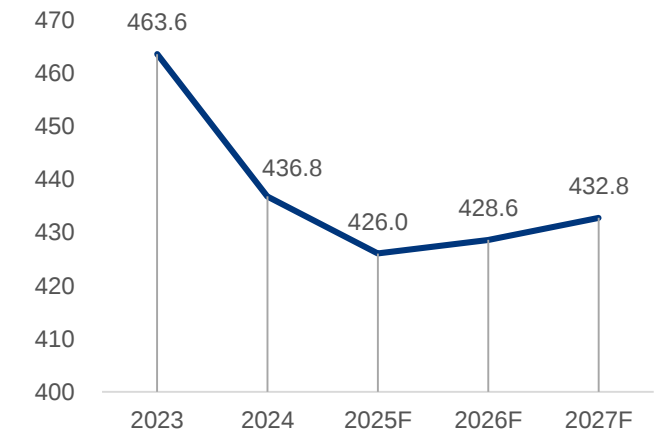
Revenue Segment & Growth



Estimated P/E



Daily Room Price (RMB)



Source: Bloomberg



Rising Global Dollar Debt Sends Gold and Bitcoin to New Highs

- ▶ The Fed's September meeting minutes showed most officials viewed moving the federal funds rate toward a more neutral level as appropriate, citing rising downside risks to employment. However, many still emphasized that inflation risks remain tilted to the upside. Most participants considered further easing later this year appropriate, with roughly half expecting two more rate cuts by end-2025. Officials reiterated that future decisions will balance inflation and employment risks.
- ▶ The preliminary University of Michigan Consumer Sentiment Index for October came in at 55.0, slightly below September's 55.1 but above market expectations of 54.0.
- ▶ Precious metals extended gains, with gold hitting a record high and silver reaching a 14-year peak, supported by the global rate-cut cycle and sustained central bank gold buying. Bitcoin also reached a record, briefly surpassing USD 125,000. While dollar-denominated debt briefly fell after the pandemic-era rate hikes, the new AI investment wave has reignited global capital expenditure, pushing debt levels higher again. Precious metals and cryptocurrencies remain key hedges against debt and currency depreciation, with gold and Bitcoin moving in positive correlation to global USD debt levels. The outlook for both sectors remains positive into 4Q.

Global USD Debt (White) vs. Gold (Blue) and Bitcoin (Orange) Trends



Coinbase Global Inc (COIN)

Closing Price	US \$357.01	Target Price	US \$440		
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Provides financial solutions, offering a platform for buying and selling cryptocurrencies to customers worldwide.

Record Institutional Inflows into Crypto ETFs Boost Trading Volumes

Nearly USD 6B of record inflows into crypto ETFs—largely U.S.-led—highlight surging institutional adoption, directly driving higher trading activity on Coinbase. As the leading U.S.-listed exchange and custodian with USD 425B in client assets, Coinbase stands to benefit from this liquidity cycle. Bitcoin’s new highs above USD 125K continue to fuel transaction volume and fee momentum.

Tokenization Opportunity and Regulatory Edge

Coinbase has applied for a national trust bank charter and is in discussions with the SEC on tokenized securities, positioning it at the forefront of a tokenization boom projected to reach USD 2T by 2030. As tokenized ETFs, equities, and stablecoins gain traction globally, Coinbase’s regulatory credibility and engagement create a strong competitive moat amid TradFi’s shift on-chain.

Ecosystem Expansion Under Supportive Policy

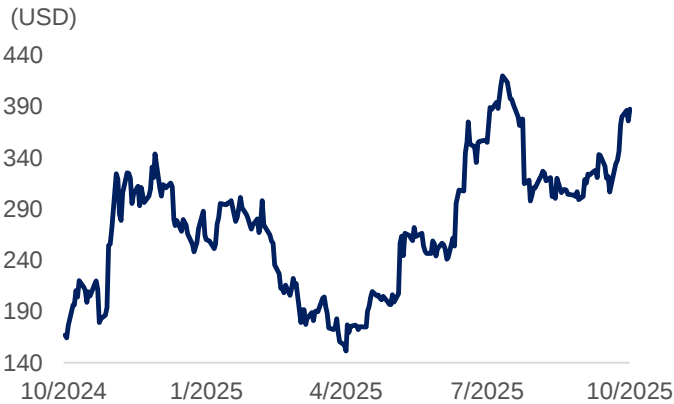
Backed by crypto-friendly U.S. policies and greater regulatory clarity on stablecoins, Coinbase is expanding across custody, tokenization, staking, lending, and payments. Strategic partnerships with banks such as JPMorgan and PNC further strengthen its role as the institutional gateway to digital assets.

2Q25 Earnings Down, 3Q Outlook Raised

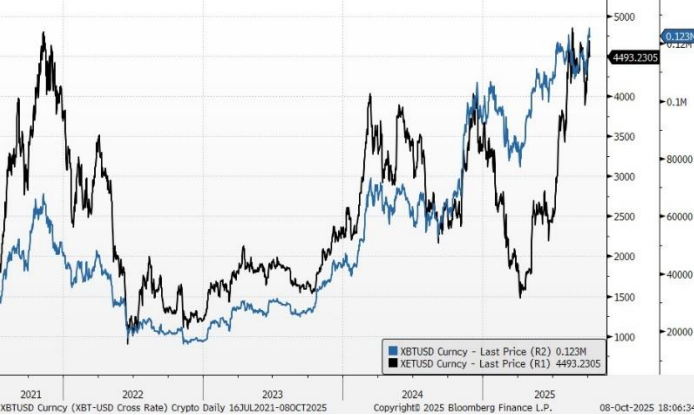
FY25 2Q total revenue fell 26% QoQ to USD 1.5B; trading revenue dropped 39% to USD 764M, while subscription and services revenue slipped 6% to USD 656M. Net income reached USD 1.4B with adjusted EBITDA of USD 512M. The company expects July trading revenue of around USD 360M and 3Q subscription and services revenue between USD 665–745M, supported by higher crypto prices and stablecoin income. Trading fees are projected to account for a mid-teens share of total revenue.

Source: Bloomberg

1-Year Price



Crypto Currency Price Trend



Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	-59.3	-2.7	111.2	12.3	15.2
EBITDA(%)	-36.5	14.0	49.7	40.7	42.9
EPS (USD)	-6.63	1.71	9.88	5.94	6.85
Net Profit Margin(%)	-46.0	14.0	41.0	30.3	24.3

Source: Bloomberg; 2025/26F are market estimates

P/E & P/B



Iren Ltd (IREN)

Closing Price	US \$59.77	Target Price	US \$80
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IREN Limited operates as a renewable energy company that owns and manages next-generation, renewables-powered data centers specializing in Bitcoin mining, AI cloud services, and other high-performance computing solutions.

Transitioning to AI Infrastructure Growth

IREN is shifting from Bitcoin mining toward AI infrastructure, backed by contracts for 23,000 GPUs and targeting USD 500M in run-rate revenue by 1Q26. It has signed client contracts covering 11,000 GPUs—nearly half of its capacity—securing about USD 225M in annual recurring revenue and providing strong visibility for near-term AI cloud income.

Scale and Renewable Power Advantage

With 2,910 MW of renewable power capacity across British Columbia and Texas and infrastructure supporting over 100,000 GPUs, IREN combines scale with sustainability. Rising AI compute demand positions it as a cost-efficient provider of green AI infrastructure, appealing to ESG-focused hyperscalers and enterprise clients.

Financial Momentum and Capital Flexibility

The company issued USD 875M in convertible notes, adding dilution risk but strengthening capital for GPU expansion—aiming for returns within two years from new Blackwell GPU deployments.

4Q25 Results Show YoY Improvement

For 4Q25 (fiscal year ending June), revenue rose to USD 187.3M, with adjusted EBITDA at USD 121.9M—up from USD 144.8M and USD 82.9M in 3Q, respectively. FY25 revenue reached USD 501M, while net income surged to a record USD 86.9M from USD 28.9M in FY24. By Dec 2025, total annualized revenue is expected to approach USD 1.25B, including over USD 1B from Bitcoin mining and USD 200–250M from AI cloud services powered by 10,900 Nvidia GPUs.

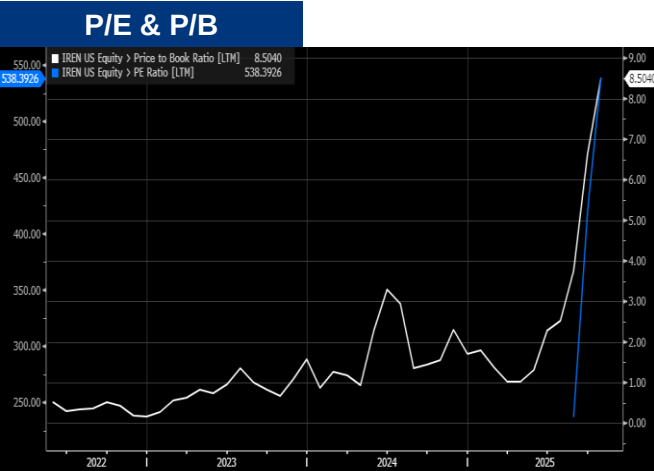
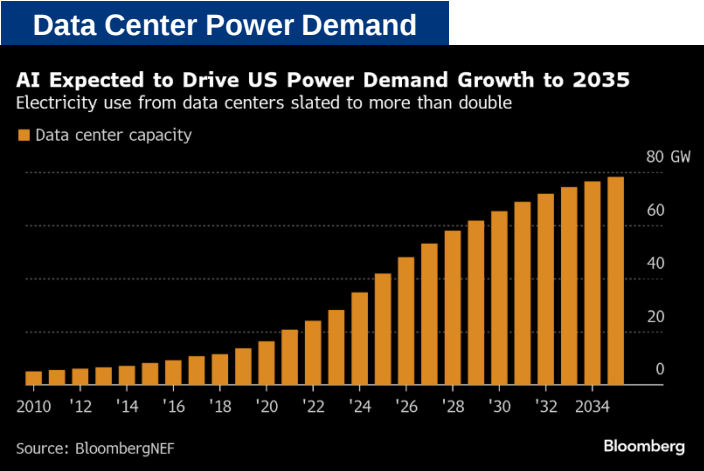
Source: Bloomberg



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





Taiwan Equities Extend Bullish Momentum; Focus Shifts to AI Themes and Robust Order Flows

Electronics Lead the Rally as TAIEX Hits Record High

Taiwan equities continued higher last week with rising prices and volumes, breaking to new record highs. Turnover rebounded above 5- and 20-day averages, confirming short-term bullish momentum. Near-term support is seen at the bullish gap low of 26,761. Index gains were led by large-cap tech and financial stocks, with strong performers in memory, PCB, fiberglass fabric, cables, and IC substrates. With listed companies set to release September revenue next week, focus should remain on outperformers with solid sales momentum and relative strength versus the broader market.

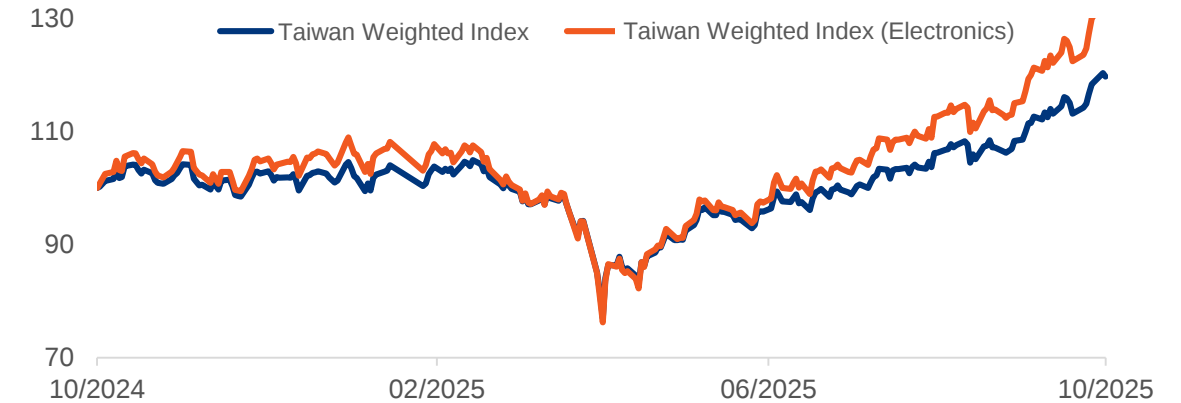
AI Server Shipments Support 2H25 Growth Outlook

Rising AI server shipments continue to benefit assembly and cooling suppliers. We estimate AI will remain the key growth driver for the global server market in 2H25, with GB-series shipments reaching 27,000–28,000 units in 2025, including 21,000–22,000 units in 2H25. As GB200 production stabilizes and GB300 enters mass production in 4Q25, related suppliers—particularly server assemblers—should see accelerating orders. Higher thermal design power (TDP) and growing adoption of liquid cooling in GB300 and next-gen ASIC servers will also favor key suppliers of cold plates, manifolds, side cars, CDUs, and system integrators.

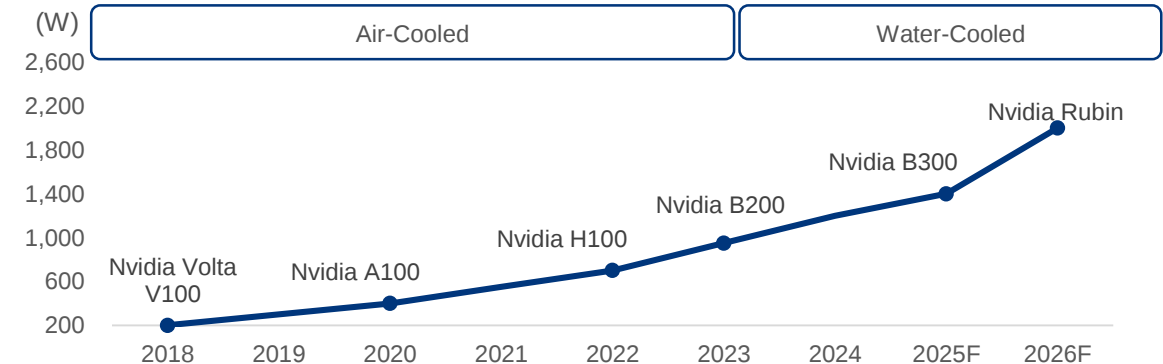
Source: Bloomberg

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

Index, 9 Oct 2024 = 100



Nvidia GPU TDP



Auras Technology (3017 TT)

Auras Technology Co., Ltd. manufactures heat sinks, radiators, DC fans, and notebook vapor chambers used in thermal solutions for PCs, laptops, and power supplies.

Key Features

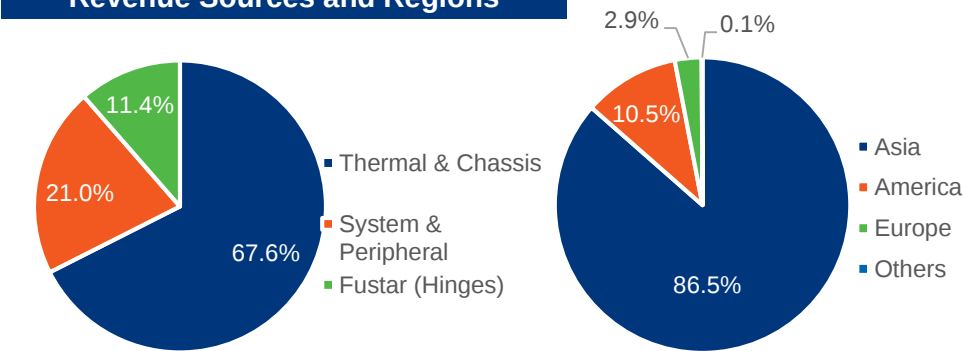
Liquid-Cooling Revenue Surges; 2H25 Outlook Exceeds Expectations

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



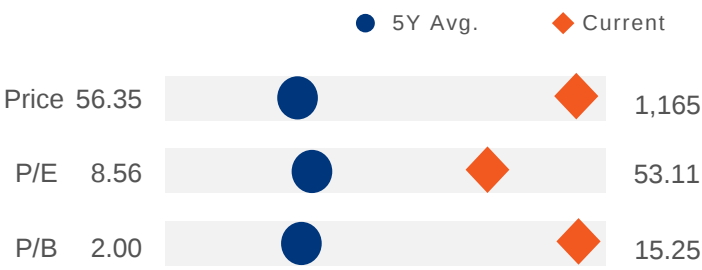
Source: Bloomberg

Financials

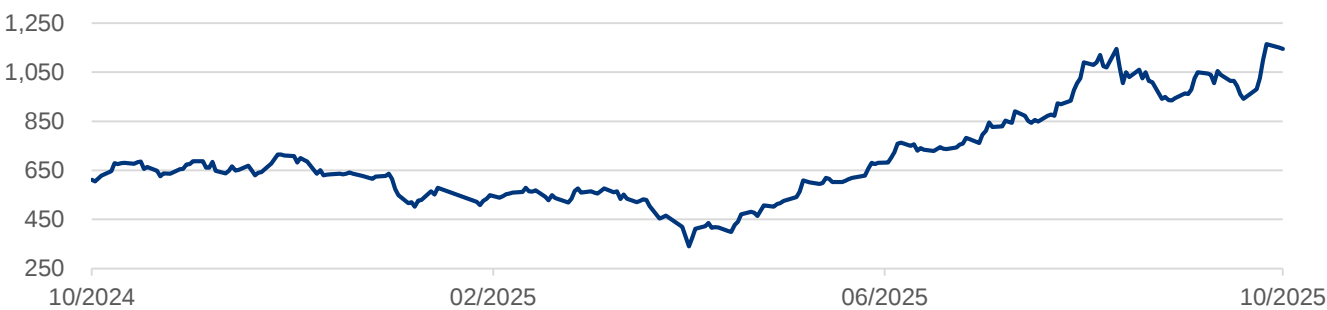
	2022	2023	2024	2025F	2026F
EPS (NTD)	11.78	14.11	21.21	48.85	71.35
EPS Growth (%)	43.5	19.7	50.4	130.3	46.1
P/E Ratio	93.4	78.0	51.9	22.5	15.4
ROE (%)	29.8	28.3	32.1	56.4	61.2

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 8 Oct 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	16.72	18.78	44.40	203.71	84.27	87.89

Hon Hai Precision Industry (2317 TT)

Provides electronics manufacturing services (EMS) across computers, communications, and consumer electronics. The company assembles desktops and notebooks, produces connectors and cables, assembles PCBs, manufactures smartphones, and other consumer devices for global clients.

Key Features

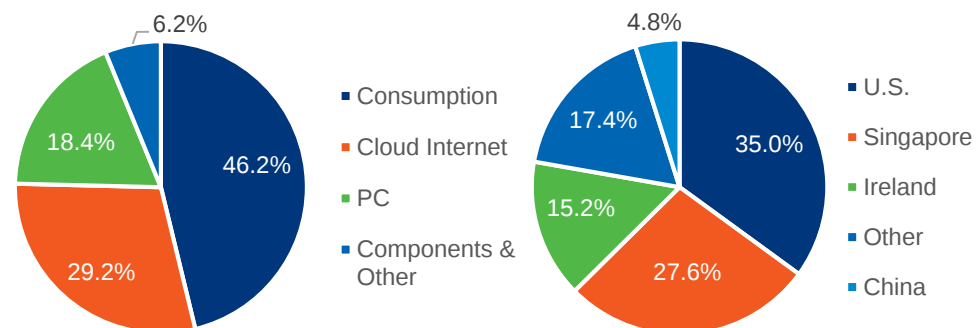
3Q25 Revenue Slightly Beats Guidance

3Q25 revenue reached TWD 2.057 trillion, rising 15% QoQ and 11% YoY—slightly above both KGI and company guidance of 4–14% sequential growth. Strength came from robust GB200 AI server shipments and iPhone 17 launches.

Stargate Modular Data Center Buildout to Drive Earnings Upside

Hon Hai is poised to benefit from the U.S. Stargate project and Apple's AI data center expansion to support Apple Intelligence. OpenAI and SoftBank plan to build 1.5GW of modular data centers in Ohio and Texas within 18 months. Hon Hai will supply server racks and key components, leveraging TeCO's electromechanical integration expertise. We estimate the MDC project could contribute TWD 1–1.2 to EPS in 2026.

Revenue Sources and Regions



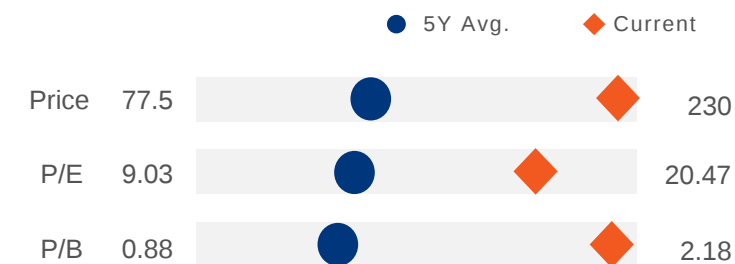
Source: Bloomberg

Financials

	2022	2023	2024	2025F	2026F
EPS (NTD)	10.21	10.25	11.01	13.38	18.60
EPS Growth (%)	1.6	0.4	7.4	21.6	39.0
P/E Ratio	22.4	22.3	20.8	17.1	12.3
ROE (%)	10.0	9.7	9.7	11.0	14.4

Source: Company data, estimates of KGI analyst

Valuations



1-Year Price



As of 8 Oct 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	4.17	10.57	41.51	80.00	22.28	15.98

**Mutual Funds/
ETFs**

15th Five-Year Plan Outlook Favors Tech; AI Trend to Drive Early Profit Growth

► CSOP Hang Seng TECH Index ETF (3033 HK)

- Designed to track the performance of the Hang Seng TECH Index.
- Adopts a full replication strategy, capturing around 30 Hong Kong-listed leading technology and innovation companies, including Tencent, Alibaba, and SMIC.
- Top 10 holdings account for nearly 70% of the portfolio.

► KraneShares Hang Seng TECH Index ETF (KTEC)

- Aims to replicate the Hang Seng TECH Index, which comprises about 30 of the largest Hong Kong-listed tech companies by free-float market cap.
- Constituents span internet, fintech, cloud computing, e-commerce, and digital technology sectors.
- Top 10 holdings represent roughly 65% of the portfolio, including Tencent, Alibaba, and Meituan.

Product	CSOP Hang Seng TECH Index ETF (3033 HK)		KraneShares Hang Seng TECH Index ETF (KTEC)	
Features	■ Adopts a full replication strategy, capturing around 30 Hong Kong-listed leading technology and innovation companies		■ Aims to replicate the Hang Seng TECH Index, which comprises about 30 of the largest Hong Kong-listed tech companies	
AUM	HKD 76.794 bln		USD 63.18 mil	
Tracking Index	Hang Seng TECH Index		Hang Seng TECH Index	
Exchange	HKE		NYSE	
Currency	HKD		USD	
Holdings	30		30	
Expense Ratio	1.04%		0.69%	
3M/YTD Return	21.49% / 44.81%		18.87% / 42.78%	
Sectors (%)	Internet	45.61	Internet	47.07
	Vehicle Manufacture	13.73	Vehicle Manufacture	12.35
	Semiconductor	11.39	Software	12.23
	Software	11.04	Telecomm	7.46
	Telecomm	6.75	Computer	4.62
Holdings (%)	Alibaba Holdings	9.38	Alibaba Holdings	10.37
	SMIC	9.23	Tencent Holdings	8.47
	Tencent Holdings	7.89	Meituan	8.07
	Meituan	7.31	NetEase Inc.	8.02
	NetEase Inc.	7.25	Xiaomi	7.46

Source: Bloomberg

CSOP Hang Seng TECH Index ETF (3033 HK)

Profile

This ETF tracks the Hang Seng TECH Index, aiming to replicate the index's constituent performance and achieve returns corresponding to the index.

World's First ETF Tracking the Hang Seng TECH Index

This ETF is the world's first to track the Hang Seng TECH Index. It adopts a full replication strategy and focuses on technology-themed companies, capturing the largest 30 Hong Kong-listed firms closely related to the tech theme. The index is calculated using a free-float market capitalization-weighted method, with each constituent capped at 8%.

Low Investment Threshold

The investment threshold is lower than directly investing in all constituent stocks of the Hang Seng TECH Index. The portfolio holds 30 leading Hong Kong-listed technology or innovation companies, including Tencent Holdings, Alibaba, and SMIC. The top 10 holdings account for about 70% of the total weight.

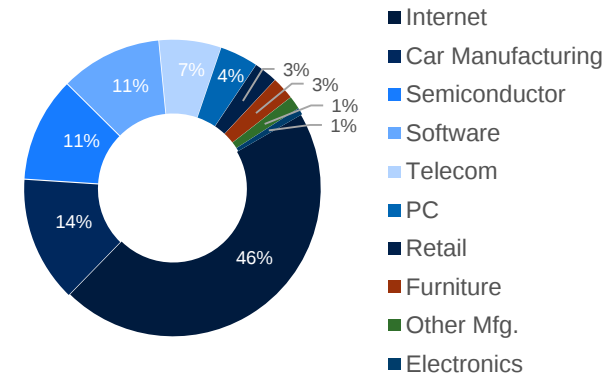
Focus on Technology Growth Trends

This ETF is suitable for investors seeking exposure to development themes such as internet, fintech, cloud computing, e-commerce, and digital business.

Inception Date	2020/8/28	AUM	HKD 76.794 bn
ETF Category	Equities	Holdings	30
Expense Ratio	0.69%	3Y Stand. Dev. (Ann.)	40.41%

Source: Bloomberg

Sectors



1Y Price

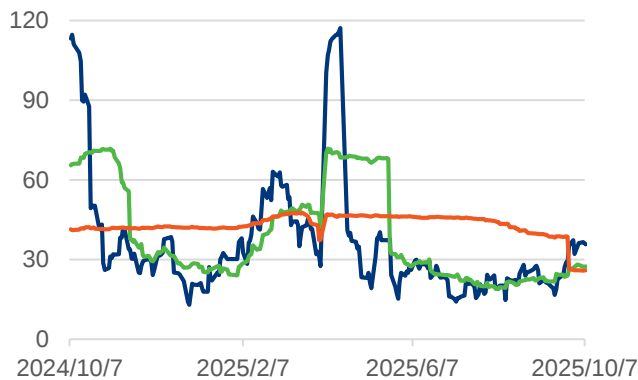


As of 7 Oct 2025	1M	3M	YTD	1Y	3Y	5Y
Return(%)	12.77	21.49	44.81	37.84	81.82	-15.20

Top-5 Holdings (%)

Alibaba Group	9.38
SMIC	9.23
Tencent Holdings	7.89
Meituan	7.31
NetEase Inc	7.25

1Y Volatility



KraneShares Hang Seng TECH Index ETF (KTEC)

Profile

This ETF tracks the Hang Seng TECH Index, aiming to replicate the index’s constituent performance and achieve returns corresponding to the index.

Focus on Hong Kong’s Technology Highlights

The tracked index covers the 30 largest companies in Hong Kong’s rapidly developing technology sector, providing exposure to innovative firms with strong R&D investment, high revenue growth, and themes such as cloud computing, e-commerce, fintech, and internet services.

Traded in the U.S. Market

This ETF is traded on the U.S. stock market, covering major U.S. trading hours, making it suitable for investors seeking cross-time-zone flexibility and USD-denominated investments.

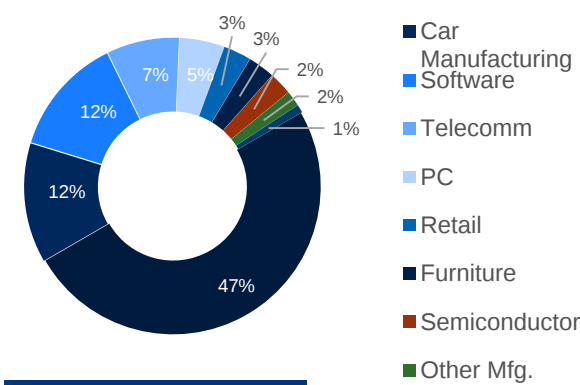
Low Expense Ratio

The ETF’s expense ratio is 0.69%, lower than similar ETFs, helping investors reduce long-term investment costs and improve net returns.

Inception Date	2021/6/8	AUM	USD 63.18 mn
ETF Category	Equities	Holdings	30
Expense Ratio	1.04%	3Y Stand. Dev. (Ann.)	40.42%

Source: Bloomberg

Sectors



1Y Price

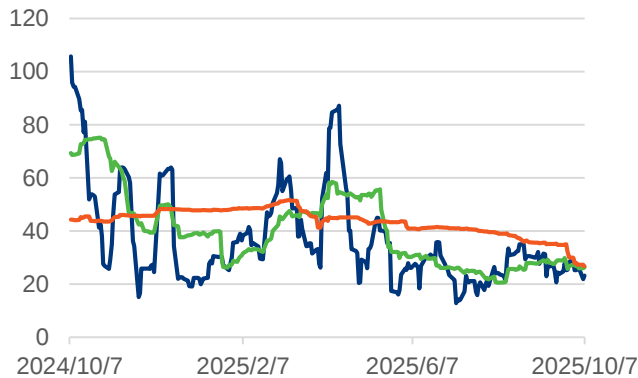


As of 7 Oct 2025	1M	3M	YTD	1Y	3Y	5Y
Return(%)	9.40	18.87	42.78	29.59	84.08	-

Top-5 Holdings (%)

Alibaba Group	10.37
Tencent Holdings	8.47
Meituan	8.07
NetEase Inc	8.02
Xiaomi Corp	7.46

1Y Volatility





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

► UBS 6.375 PERP (UBS Group AG) (AUD)

- The Reserve Bank of Australia (RBA) kept rates unchanged at its latest meeting, supporting further AUD strength into 4Q. Meanwhile, limited supply in the AUD-denominated AT1 market may provide additional technical support.
- UBS is a leading global brand in wealth management and Swiss personal and corporate banking. In 1H25, the group continued to make solid progress in restructuring Credit Suisse’s business. Net profit for the first six months reached USD 4.1B, compared with USD 5.1B for full-year 2024, reflecting a strong rebound in operating income and slightly lower costs.
- As of 1H25, the group’s CET1 ratio stood at 14.4%, in line with its 14% mid-term target. UBS also recorded 9% growth in invested assets over the first half of 2025, underscoring renewed business momentum. The group’s continued diversification and above-peer market share gains across business segments further support its financial stability.

Product	UBS 6.375 PERP (UBS Group AG) (AUD)
ISIN	CH1485827070
Features	Rare AUD Denominated AT1, as the group’s continued diversification and above-peer market share gains across business segments further support its financial stability.
Maturity Date	Perpetual
Next Call Date	2030/9/29(non call 2030)
Coupon (%)	Float/6.375Semi-annual
Currency	AUD
Years to Maturity	-
Credit Rating (Moody’s/Fitch/S&P)	Baa3/BBB-/-
Seniority	Secondary
YTM/YTC (%)	7.08/6.24

Source: Bloomberg

UBS Group AG (UBS 6.375 PERP)

Profile

The Reserve Bank of Australia (RBA) kept interest rates unchanged at its latest meeting, supporting continued AUD strength into 4Q. Meanwhile, limited supply in the AUD-denominated AT1 market may offer additional technical support.

- UBS is a leading global brand in wealth management and Swiss personal and corporate banking. In 1H25, the group continued to make significant progress in restructuring Credit Suisse’s operations. Net profit for the first half reached USD 4.1B, compared with USD 5.1B for full-year 2024, reflecting a strong rebound in operating income alongside slightly lower operating costs.
- As of 1H25, the group’s CET1 ratio stood at 14.4%, in line with its mid-term target of 14%. UBS also recorded a 9% increase in invested assets during the first six months of 2025, showing renewed business growth momentum. The group’s diversification and above-peer market share gains across all business lines continue to support its financial stability.

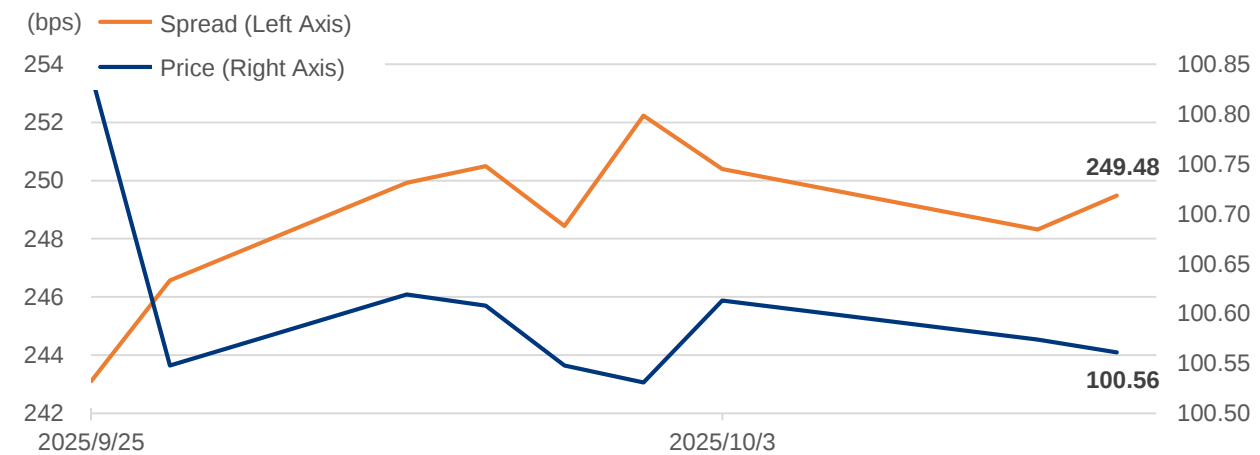
Financials	2024H1	2024H2	2025H1
Net Profit Margin (%)	6.43	5.20	10.29
Liquidity Coverage Ratio (%)	212.00	188.40	182.30
CET1 Capital Ratio	14.90	14.30	14.40

Source: Bloomberg

Overview

Name	UBS 6.375 PERP	ISIN	CH1485827070
Maturity Date	Perpetual	Remaining Maturity	-
Coupon(%)	Float/6.375/Semi-annual	YTM/YTC(%)	7.08/6.24
Currency	AUD	Min. Subscription/ Increment	250,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa3/BBB-/-	Seniority	Secondary

Price (New Issued Bond)



Appendix

Key Economic Data / Events

► OCT 2025

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Monday

- Eurozone Oct Sentix Investor Confidence (Act:-5.4 Est:-7.7 Prev:-9.2)
- Eurozone Aug Retail Sales MoM (Act:0.1% Est:0.1% Prev:-0.4%)

7

Tuesday

8

Wednesday

- Taiwan Sep CPI YoY (Act:1.25% Est:1.64% Prev:1.60%)
- Taiwan Sep PPI YoY (Act:-3.73% Prev:-4.83%)
- U.S. Fed FOMC Minutes

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Thursday

- U.S. Initial Jobless Claims (Weekly) (Act:N/A Est:228k Prev:N/A)
- Japan Sep Machine Tool Orders YoY (Prel.) (Act:9.9 Prev:8.5%)
- Taiwan Sep Exports YoY (Act:33.8 Est:38.8% Prev:34.1%)

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Friday

- U.S. Oct UoM Consumer Sentiment (Prel.)(Est:54.0 Prev:55.1)
- Japan Sep PPI YoY (Act:2.7 Est:2.5% Prev:2.7%)

13

Monday

- China Sep Exports YoY (Est:6.6% Prev:4.4%)

14

Tuesday

15

Wednesday

- U.S. Sep CPI YoY (Est:3.1% Prev:2.9%)
- U.S. Sep Core CPI YoY (Est:3.1% Prev:3.1%)
- Japan Aug Industrial Production MoM (Final) (Prev:-1.2%)
- China Sep CPI YoY (Est: -0.2% Prev:-0.4%)
- China Sep PPI YoY (Est: -2.3% Prev:-2.9%)

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Thursday

- U.S. Initial Jobless Claims (Weekly) (Prev:N/A)
- U.S. Sep PPI YoY (Prev:2.6%)
- U.S. Sep Retail Sales MoM (Est:0.4% Prev:0.6%)
- Japan Aug Core Machinery Orders MoM (Prev:-4.6%)

17

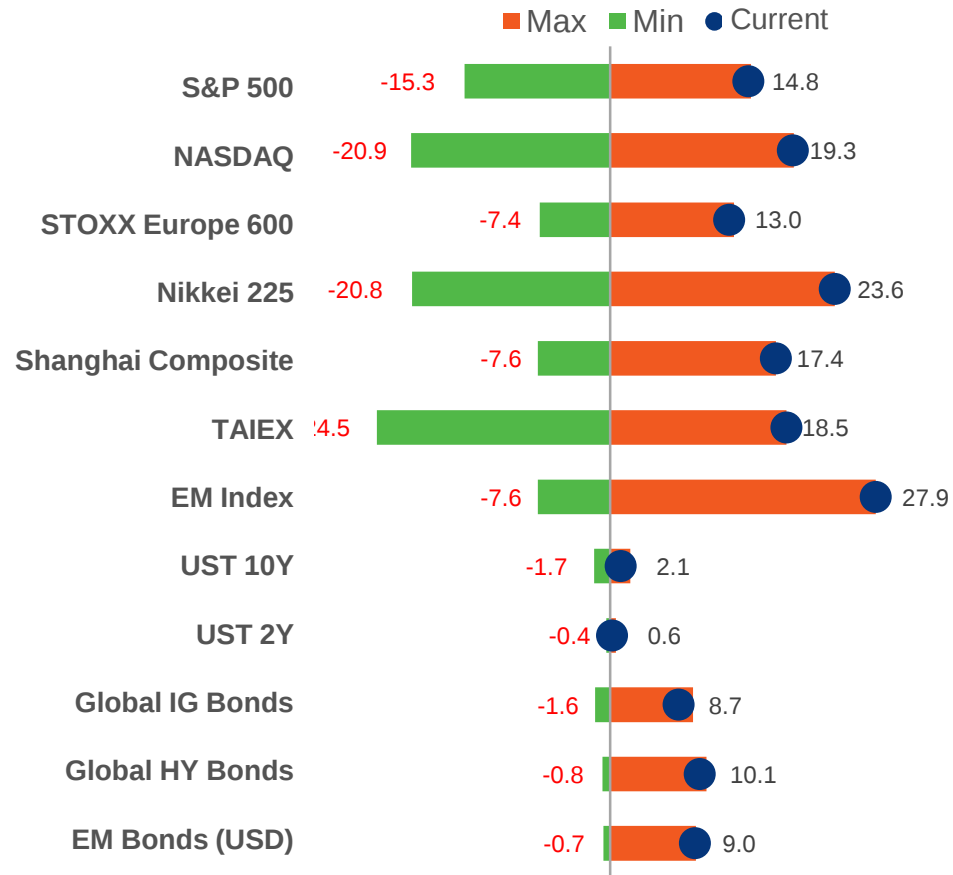
Friday

- U.S. Sep Industrial Production MoM (Est:0.0% Prev:0.1%)
- U.S. Sep Building Permits (Est:1,343k Prev:1,330k)
- U.S. Sep Housing Starts (Est:1,310k Prev:1,307k)
- Eurozone Sep CPI YoY (Final) (Prev:2.0%)

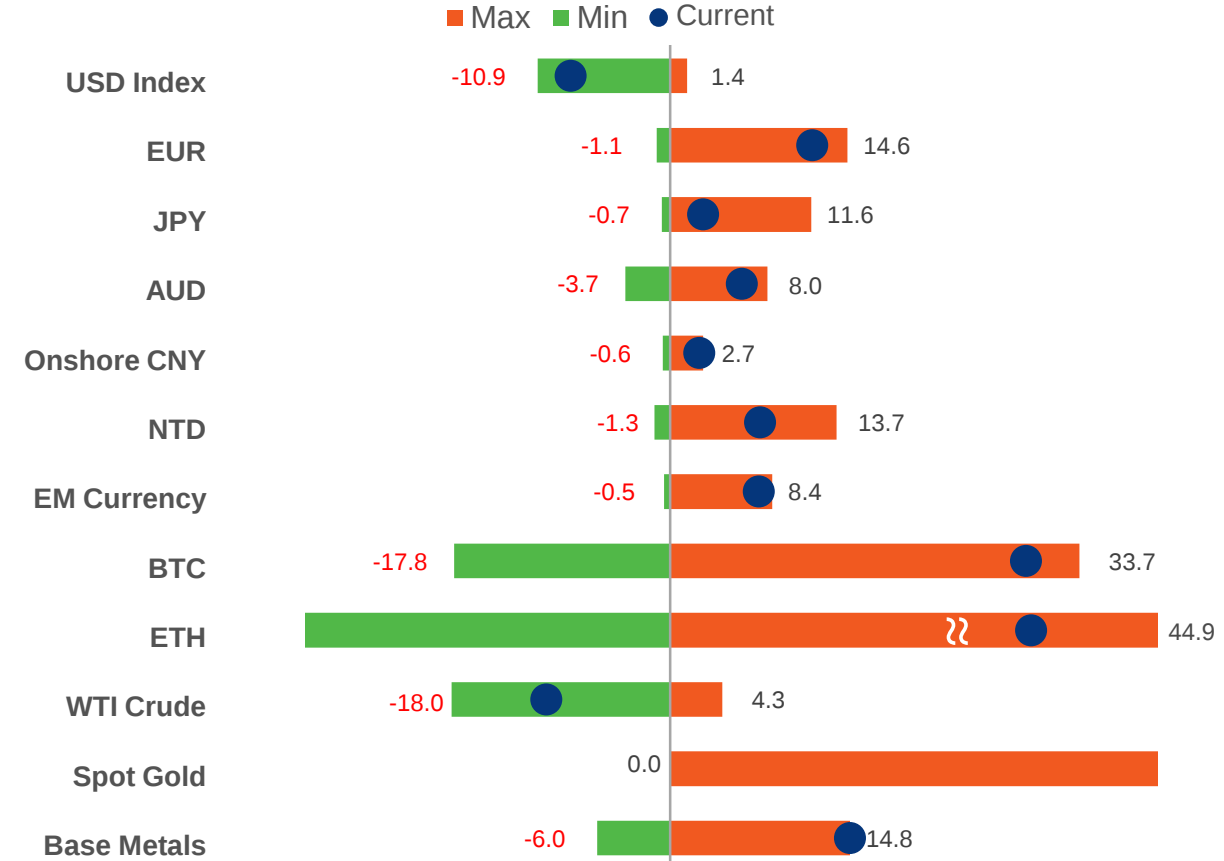
Source: Bloomberg

YTD Major Market / Asset Performance

Equities & Bond Markets YTD Performance (%)

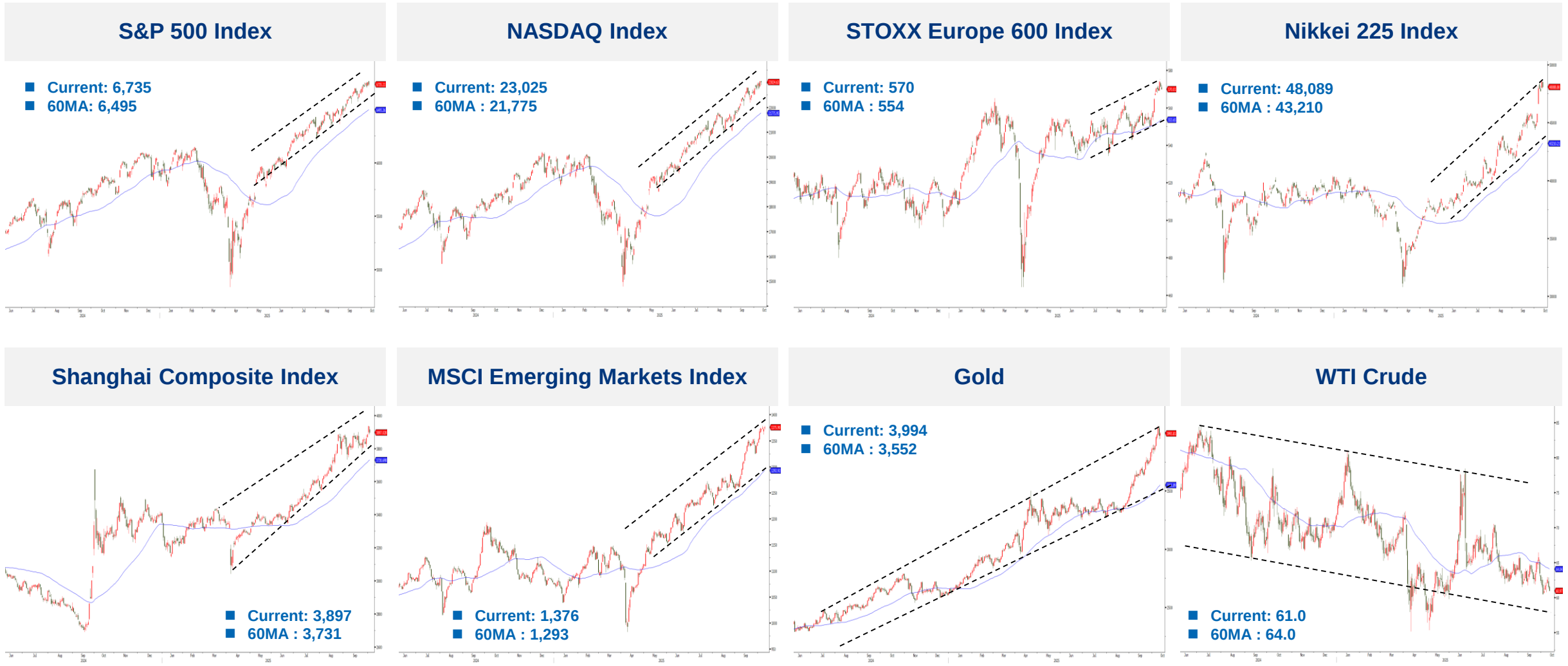


Currencies and Commodities Market YTD Performance (%)



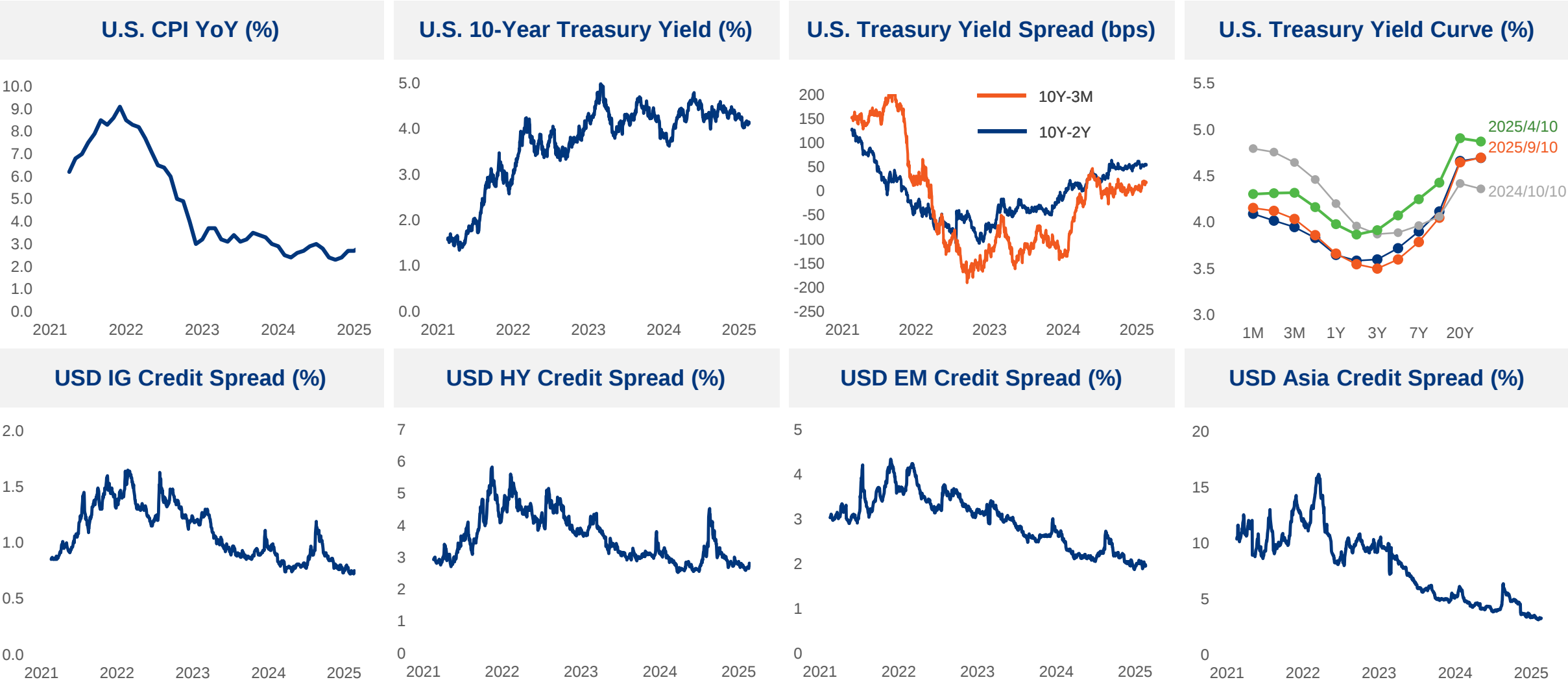
Source: Bloomberg, 10 Oct 2025

Technical Analysis



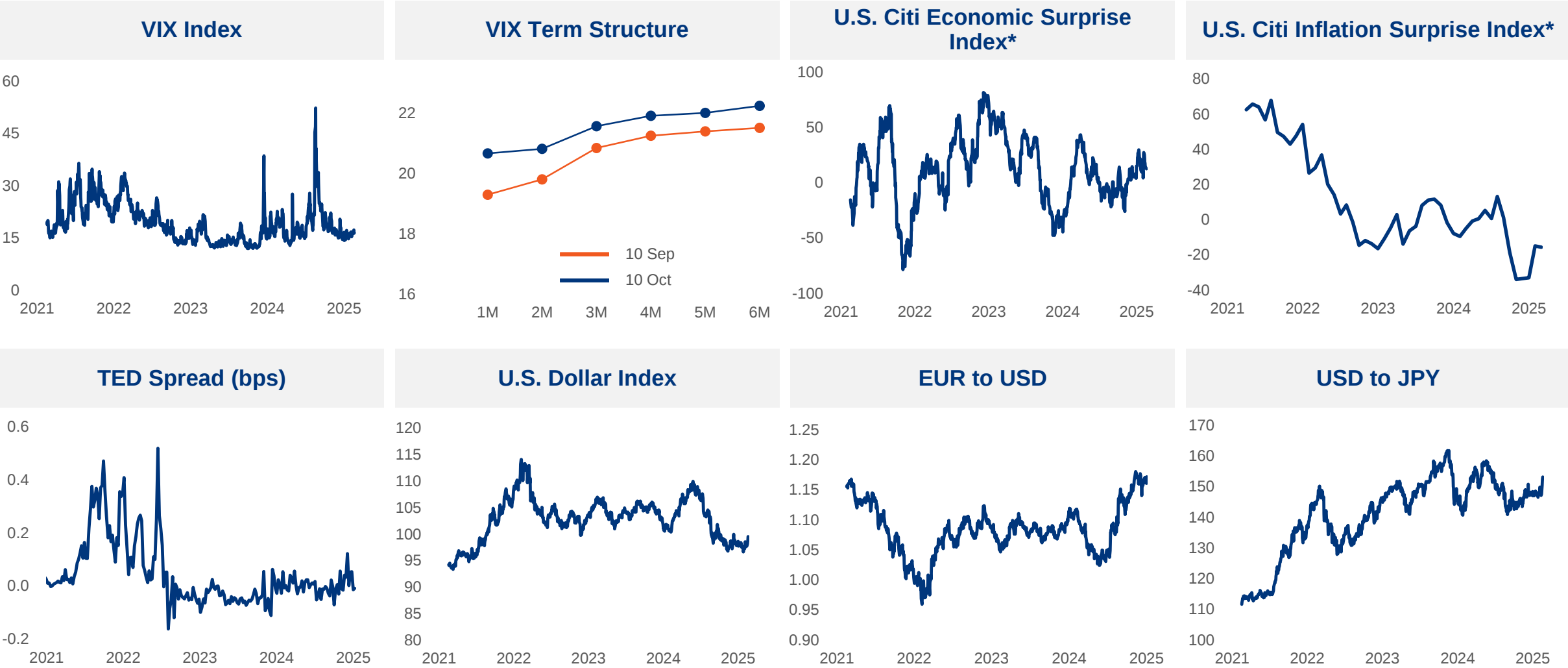
Source: Bloomberg, 10 Oct 2025

Market Monitor



Source: Bloomberg, 10 Oct 2025

Market Monitor



Source: Bloomberg, 10 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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