



CIO Office

Global Markets Weekly Kickstart

Power Crisis : AI Energy Boom

24 November 2025



01 CIO Insights

We Are Bullish on Hong Kong Properties

02 Chart of the Week

Nvidia Earnings Strong but Tech Faces Valuation Pressure



03 Market Recap

Financial Assets Pull Back After Sharp Gains; Market Focuses on Liquidity & Volatility



04 What's Trending

Fed's December Cut Expectations Fall; Gold Softens but Long-Term View Remains Bullish



05 In Focus

AI Demand Surging; Structural Power-Equipment Shortage Persists



06 Product Spotlight

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

Bullish on Hong Kong Properties

► A perfect candidate to help diversification

Hong Kong property stocks offer global investors' way to diversify, with low correlations to major markets. With rising asset-class synchronization, few sectors combine such low-correlation defensive qualities with clear cyclical recovery. Falling US rates, fading commercial headwinds and robust residential fundamentals position the sector for both stability and upside.

► Further rate cuts in the US as the next catalyst

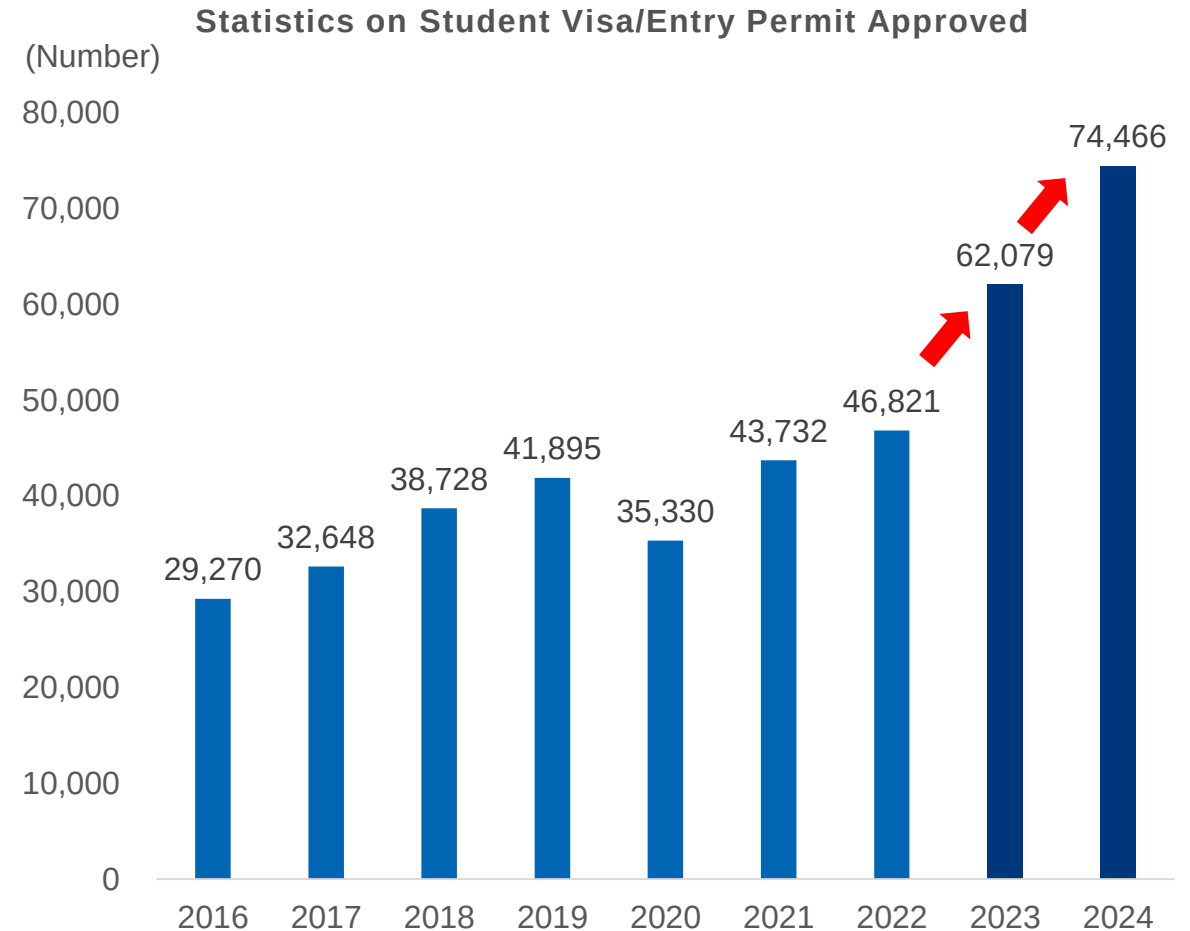
Against early-2025 bearish consensus, the residential market is posting 2.5% gains YTD amid developers prioritized volume-led destocking. Transaction volumes and values jumped, fueled by equity-market wealth effects and surging rentals driven by Hong Kong's emergence as Asia's premier education hub.

► Attractive valuation along with diversification

The residential market has restored positive carry, drawing smart local money and mainland buyers at levels last seen post-QE. With new land supply halved and inventory rapidly clearing, structural undersupply looms. Commercial drags are stabilizing, leaving developers offering compelling >5 per cent dividend yields alongside strong re-rating potential.

Source: Hong Kong Immigration Department, KGI

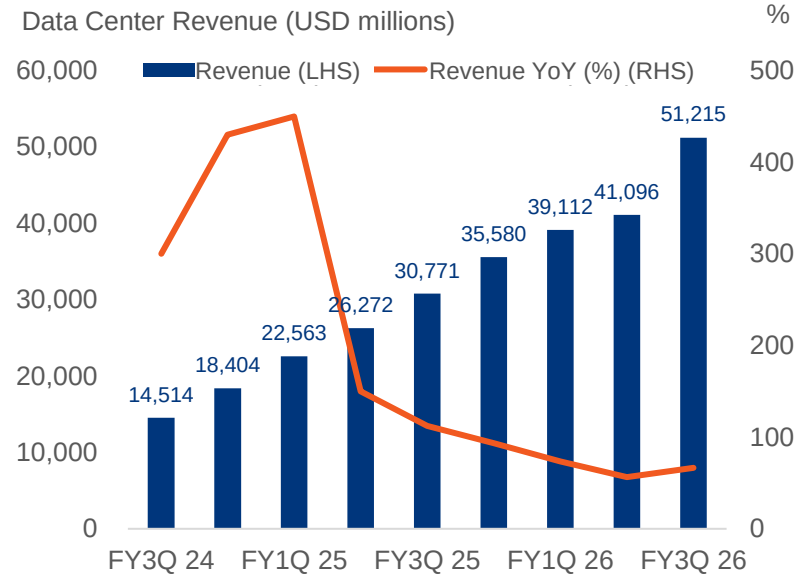
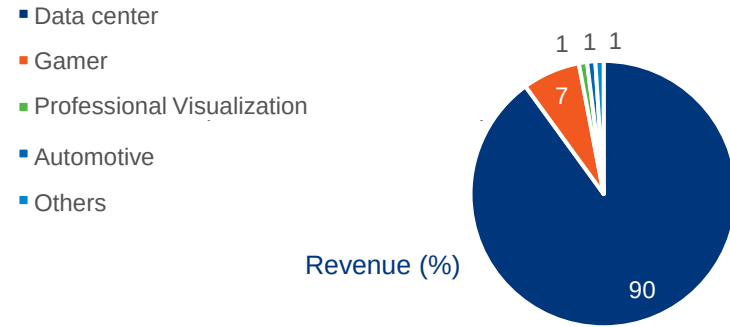
Hong Kong is increasingly becoming an Asian education hub. There will be a further raise in foreign student quota from 40% to 50% in 2026



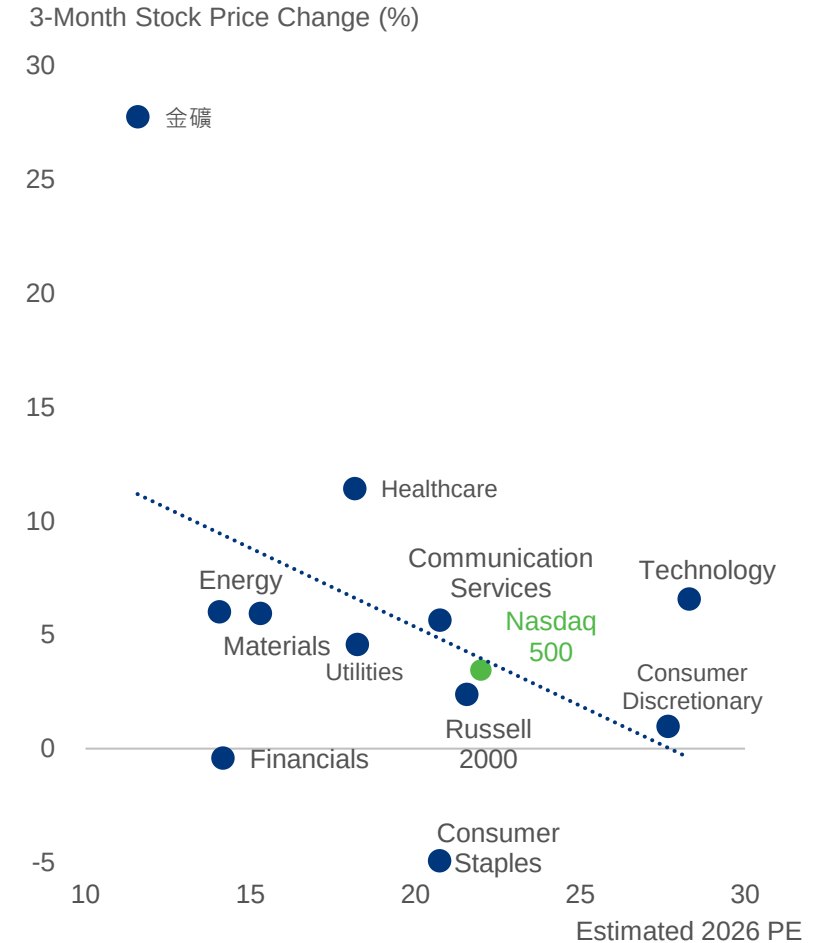
Nvidia Delivers Strong Results but Tech Faces Valuation Scrutiny

- ▶ Nvidia briefly reignited market optimism as 3Q revenue reached USD 57bn, up 22% QoQ and 62% YoY, beating expectations on improved supply-chain throughput and stronger-than-expected GB300 sales versus GB200. Data-center revenue hit a record USD 51.2bn—about 90% of total—up 25% QoQ. GPU-related revenue rose 27% QoQ, dispelling concerns about slowing GPU demand, while networking revenue surged 162% YoY. Both segments set new historical highs. Better supply-chain efficiency also narrowed the gap between orders and deliveries, supporting earnings upgrades. Nvidia's robust guidance triggered a sharp AI-stock rebound. However, accounts receivable rose sharply—from USD 23.065bn to USD 33.391bn—reviving concerns about whether AI workloads can generate enough profit to justify massive capex. AI-bubble worries persist.
- ▶ Market sentiment has recently shifted to risk-off. Global equities are correcting from elevated levels, led by higher-valuation sectors such as technology and consumer discretionary. Flows have rotated toward more reasonably valued segments like healthcare, communication services, utilities and energy. With volatility likely rising into year-end, partial profit-taking and diversified allocation are advisable.

NVIDIA Revenue Breakdown, Data Center Growth Expected to Decelerate



Tech Stocks Face Valuation Pressure; Capital Rotates Toward Lower-Valuation Sectors

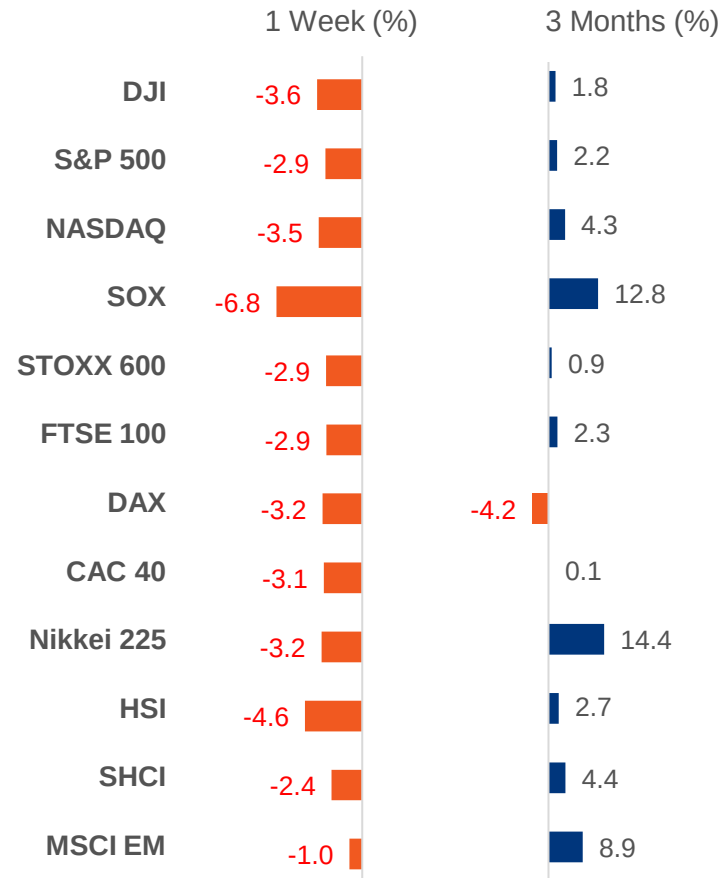


Market Recap

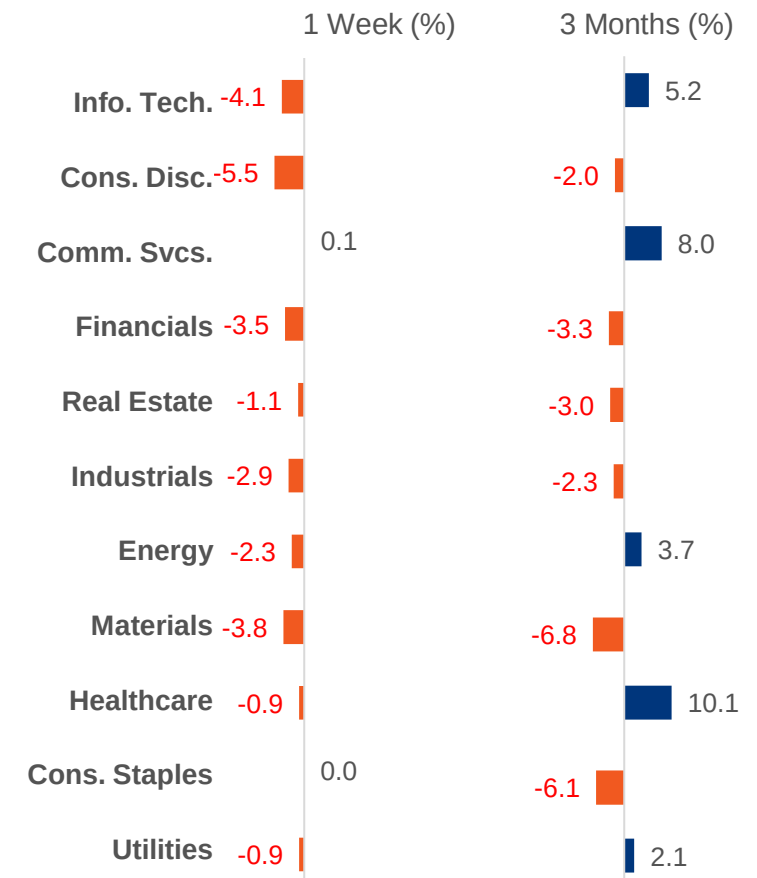
Financial Assets Pull Back After Strong Gains; Market Short-Term Focus on Liquidity and Rising Volatility

- Initial jobless claims in mid-October reached 232,000, the highest in two months. September nonfarm payrolls increased by 119,000—better than expected—while the unemployment rate rose to 4.4%, the highest since October 2021. Weak economic data, combined with declining expectations for a December rate cut and lingering doubts about AI monetization, triggered a pullback in financial markets. The Philadelphia Semiconductor Index (SOX), with the richest valuations, saw the sharpest correction as investors shifted attention to liquidity conditions and rising volatility. In Japan, the government is preparing a comprehensive economic package—including a ¥20,000 child allowance—with a total scale estimated above ¥20 trillion. The large-scale fiscal stimulus raised concerns over inflation and fiscal deterioration, pushing Japan's 10-year government bond yield to 1.8%, the highest in roughly 17.5 years. The yen weakened, and Japanese equities corrected alongside global markets.
- Aside from Nvidia's strong results temporarily lifting sentiment, major U.S. retailers showed mixed performance. Target's earnings and guidance disappointed due to consumers shifting to lower-priced goods, lagging competitor Walmart. Home Depot also reported weaker-than-expected full-year profit guidance. As equities corrected from highs, some defensive capital returned to traditional safe-haven sectors such as healthcare, communications, and telecom.

Regional Index Performance (%)

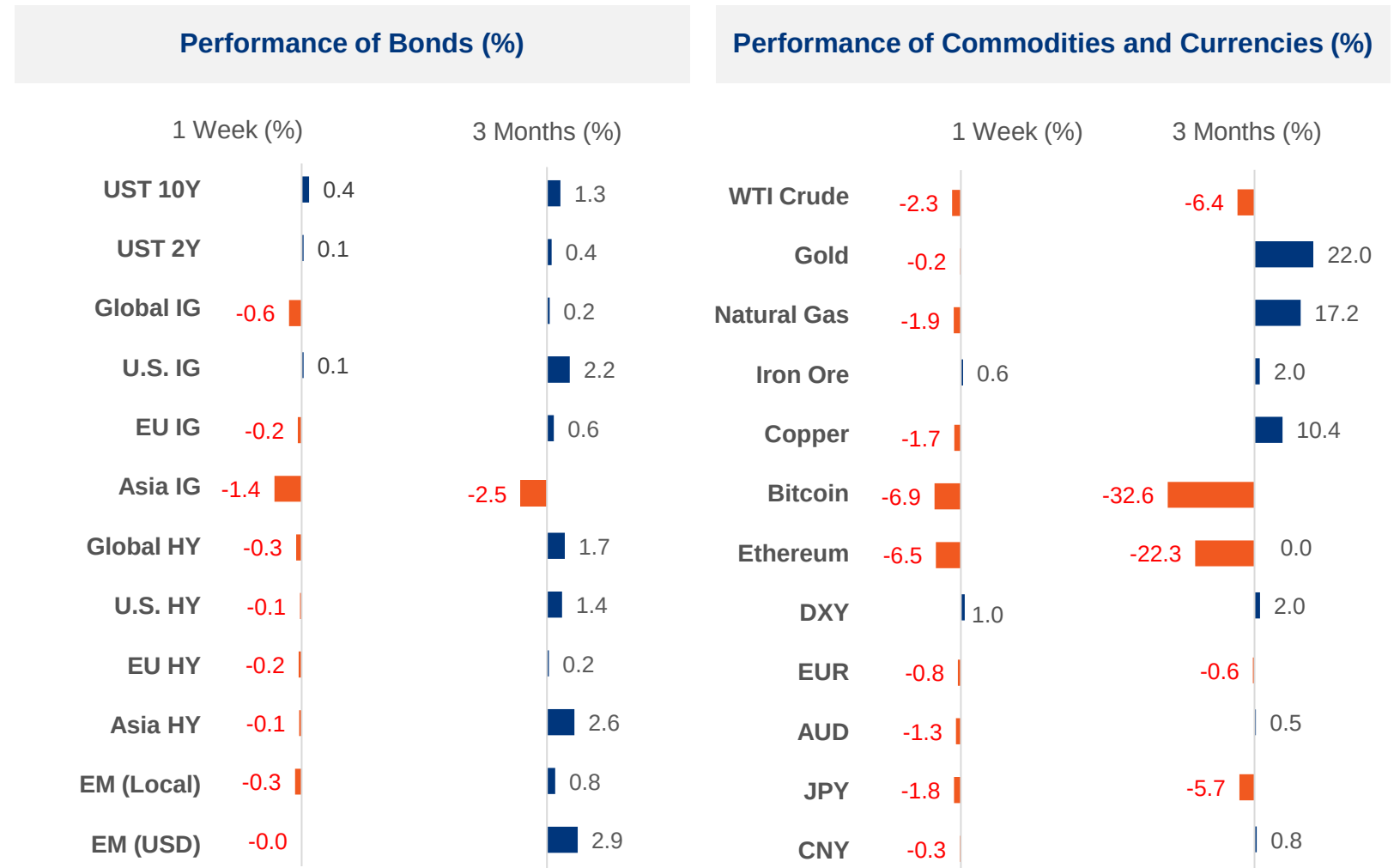


U.S. Sector Index Performance (%)



Federal Reserve Officials Divided; U.S. Dollar Returns to 100 Level, Commodities Under Pressure

- ▶ Federal Reserve Governor Waller voiced support for a December rate cut, while Vice Chair Jefferson stressed the need for caution — highlighting growing divergence within the Fed. Meeting minutes also revealed that some officials warned a rate cut could intensify inflation pressures on the economy, and views on inflation and labor-market conditions remain split. Additionally, due to the prior U.S. government shutdown, the October nonfarm payroll report will now be released together with the November data after the December FOMC meeting. With limited visibility on economic conditions, markets sharply reduced expectations for a December rate cut. Fed funds futures now imply only a 39.1% probability of a 25 bps cut, while 60.5% expect no action. U.S. Treasury yields moved higher across the curve.
- ▶ The U.S. Dollar Index climbed back above the 100 mark, putting broad pressure on commodities. WTI crude fell to \$59.1 per barrel, while gold consolidated near \$4,000 per ounce. In the U.K., October CPI slowed to 3.6% year-over-year from 3.8%, increasing the likelihood of a December Bank of England rate cut, sending both GBP and EUR lower. Crypto markets also faced valuation compression. After setting a record high in early October, Bitcoin dropped below \$90,000, a 7-month low, pressured by tightening liquidity, leveraged-position margin calls, and outflows from crypto ETFs.

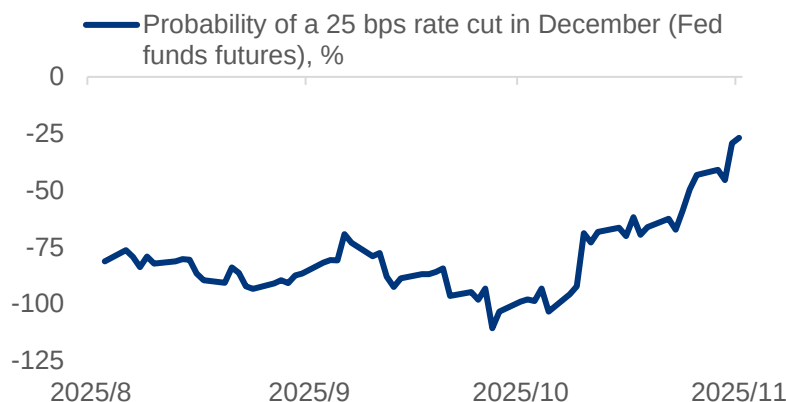


Source: Bloomberg, 21 Nov 2025

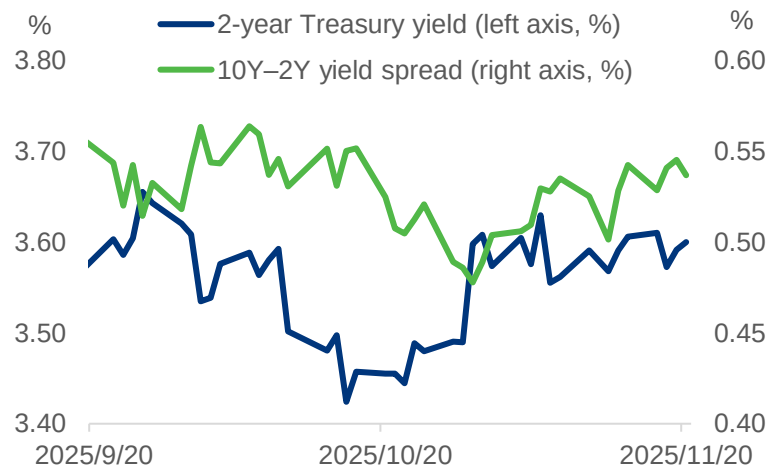
Fed December Rate-Cut Expectations Decline; Gold Faces Short-Term Pressure but Long-Term Outlook Intact

- ▶ Several previously dovish-leaning Federal Reserve officials turned ambiguous or even hawkish this week. Combined with Wednesday's release of the October meeting minutes — which showed that “most” officials prefer keeping rates unchanged for the rest of the year — market expectations for a December rate cut have dropped to below 30%, compared with nearly 100% just a month ago. Even so, expectations for rate cuts in 2026–2027 have remained largely steady. The 2-year Treasury yield hovered around 3.60%, while the 10-year yield stayed near 4.14%, leaving the yield curve broadly stable.
- ▶ With lower expectations for imminent Fed easing, concerns over stretched tech valuations, and uncertainty around delayed economic data releases, the VIX briefly surged above 23 on Tuesday. However, Nvidia's strong Q3 results — with revenue and earnings both growing around 60% — helped ease fears about AI-driven valuations and triggered a short-term rebound in global tech stocks.
- ▶ Gold, a traditional safe-haven asset, has been under short-term pressure as it is sensitive to interest-rate expectations. Reduced odds of a December rate cut hindered upward momentum. Nonetheless, the long-term outlook for gold remains positive: the U.S. is still in a broader easing cycle, M2 is expected to keep expanding, and QT is approaching its end — all supportive monetary conditions for sustained gold demand.

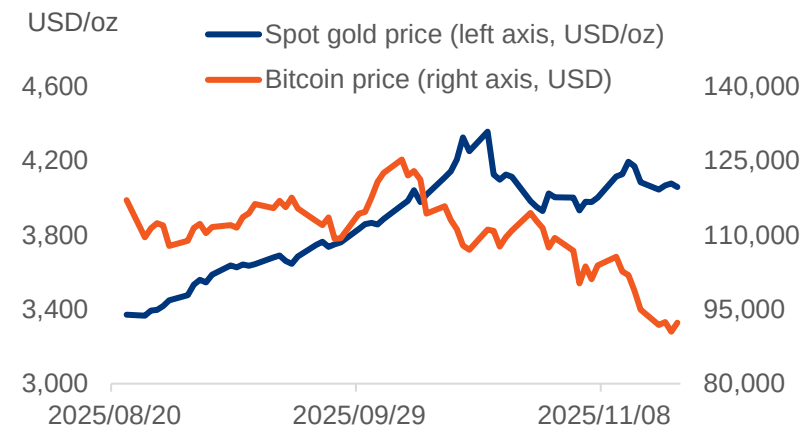
Fed's December Rate-Cut Probability Drops to ~30%



Rate-Cut Expectations for the Next Two Years Remain Largely Unchanged



Gold Prices Steady Relative to Crypto Assets



Money Supply Continues to Expand, Supporting Long-Term Gold Drivers

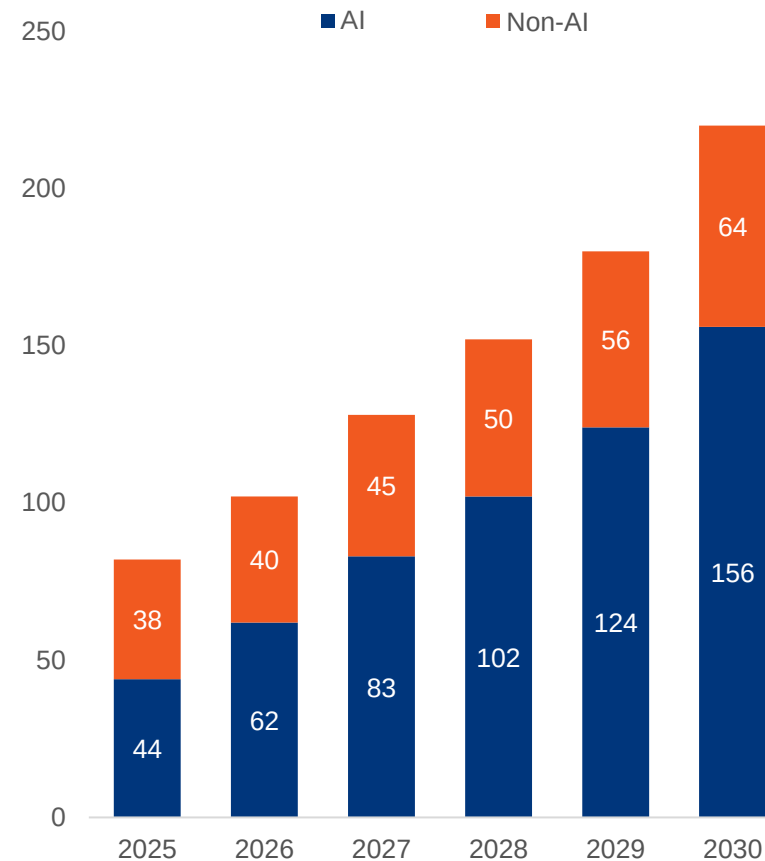


The Race for Computing Power Has Become a Race for Electricity; Demand for AI Infrastructure Surges

- ▶ Traditional communication infrastructure focused on base stations and fiber networks to transmit information. Today, data centers and AI chips—driven by massive computing requirements—have emerged as the new core infrastructure. According to the U.S. Department of Energy, data centers currently consume about 5% of total U.S. electricity, a figure projected to rise to 12% by 2030, highlighting a major structural shift in energy demand. Global AI-related power consumption is estimated at 44 GW in 2025, rising to 156 GW by 2030, an increase of more than 3.5 times. The imbalance between power supply and demand primarily stems from slow growth in power generation capacity—limited by plant construction speed, efficiency constraints, and clean-energy requirements—far below the explosive increase in AI-driven electricity usage.
- ▶ AI computing infrastructure is expected to grow at a CAGR of over 30% through 2030. U.S. tech giants are aggressively expanding capex to compete in AI computing, with Google, Microsoft, and Amazon all signaling the need for accelerated AI build-out. Global cloud capex is projected to reach USD 582 billion next year, growing 31% YoY. Moreover, this surge is not limited to the United States—data-center electricity demand is soaring worldwide. Europe, China, and other regions are all expected to see power consumption related to digital infrastructure multiply by 2030. The race for computing power has fully evolved into a race for electricity.

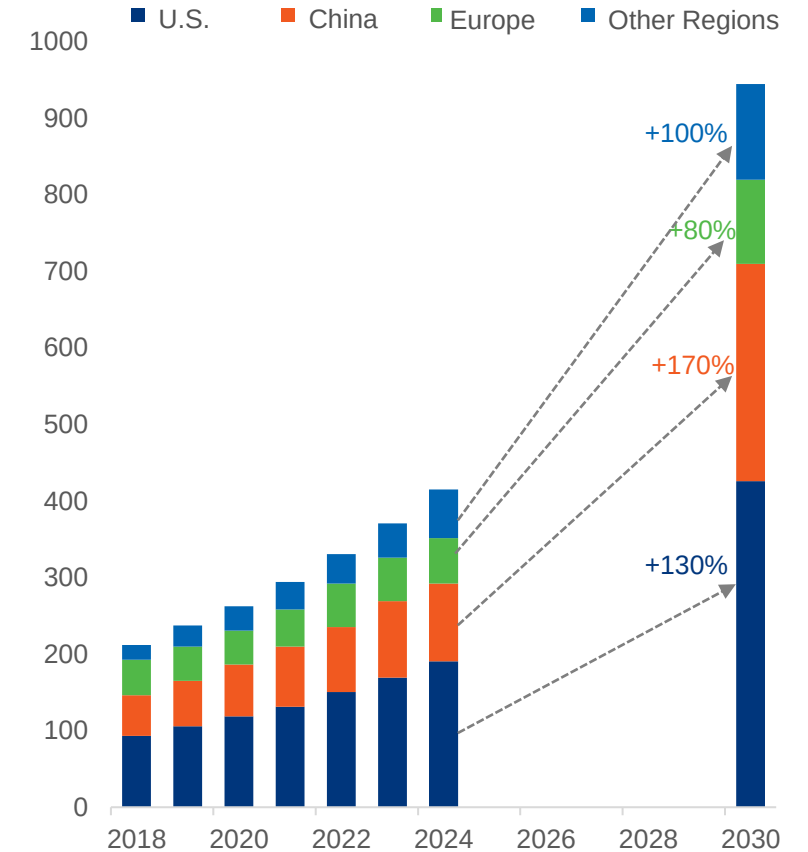
Global Data Center Power Demand Expected to Grow at Least 3.5× by 2030

Global Data Center Electricity Demand Forecast (GW)



Not Only the U.S.— Europe, China, and Other Regions See Surging Power Demand

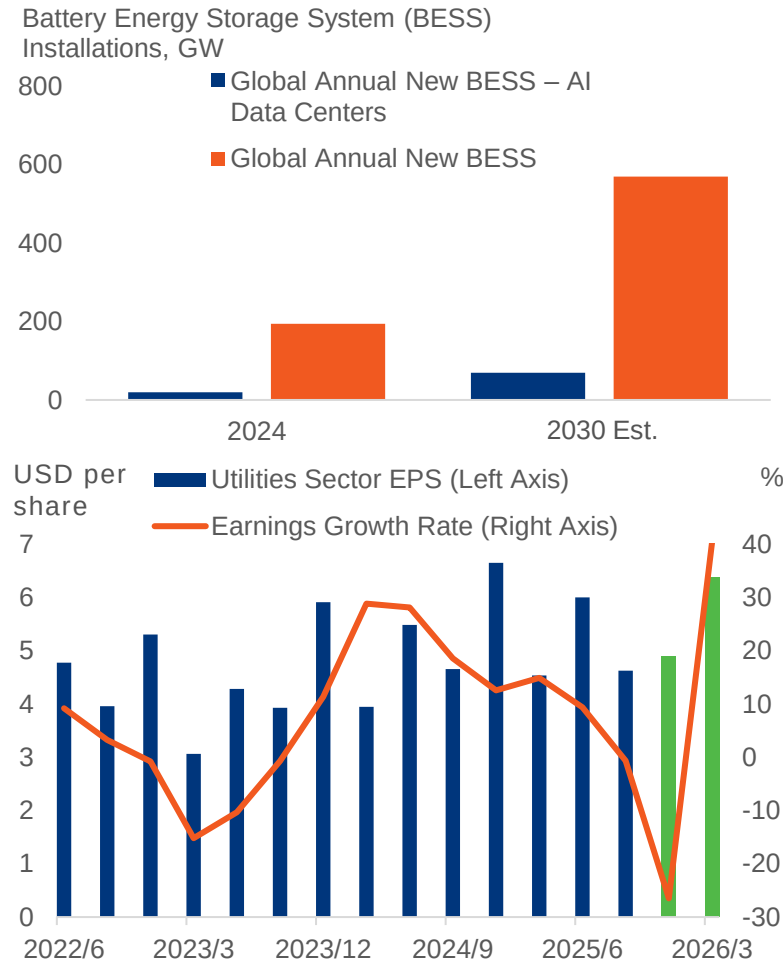
Data Center Electricity Demand (TWh)



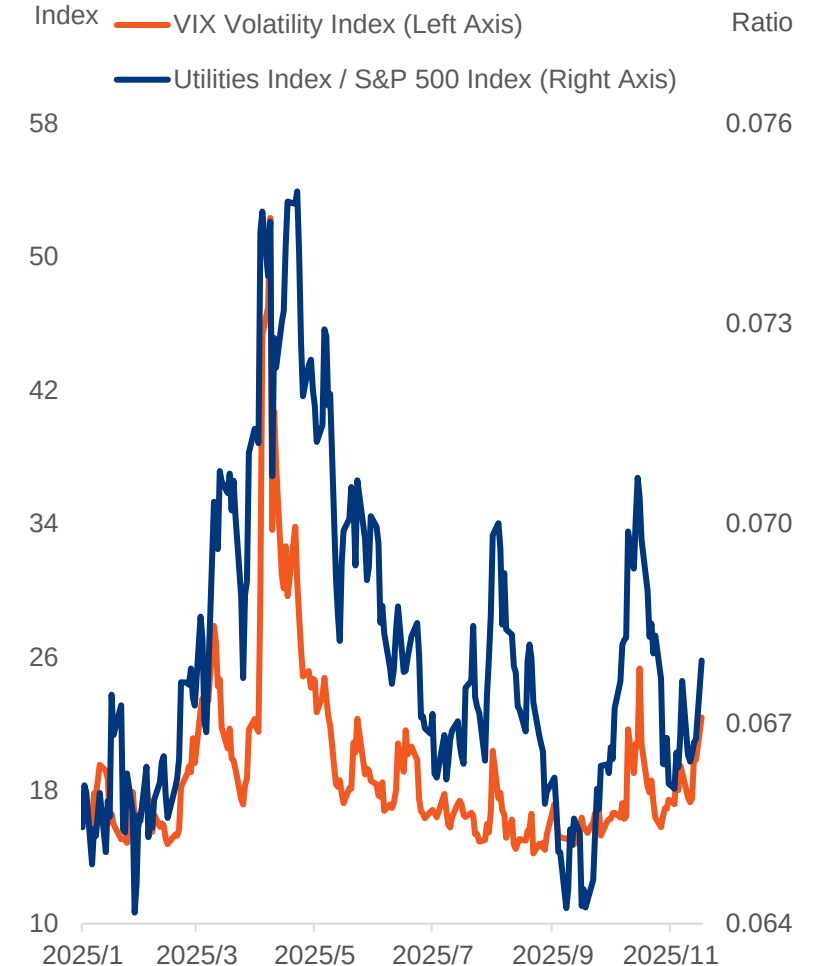
AI Application Output Set to Multiply, Driving Earnings Growth in Utilities

- ▶ AI-related applications are expected to see exponential growth in market value, requiring large-scale and sustainable power to operate chips and data centers. Many AI data centers demand power at the megawatt level, meaning the bottleneck has shifted from chip shortages to power shortages. Adequate grid capacity and interconnection permits have become critical considerations for new data center development. As a result, major tech companies are signing long-term power purchase agreements (PPAs) with large utilities, supporting stable earnings and positioning utility companies for continued profit growth next year. Beyond computing inside AI server racks, the transmission of processed data to large language models, software platforms, and industry applications is driving demand for external infrastructure such as optical communications and networking. This forms an interconnected AI ecosystem that also includes emergency backup systems, integrated energy storage, and rack-level battery backup units (BBUs). Battery energy storage systems (BESS) are also expected to expand at a compound annual growth rate of around 20%.
- ▶ With strong cash flow and revenue visibility, core power companies are expanding capacity. Their valuations are being repriced—from traditional defensive stocks to growth-oriented utilities. At the same time, during periods of broader market volatility, utilities can provide relative downside protection. For AI-focused investors, diversified allocation on market pullbacks remains attractive.

AI Data Centers Drive Storage Demand; Utilities' Earnings Continue to Rise



Utilities Outperform During Market Volatility



Source: Merrill Lynch, Bloomberg, KGI

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	◆ Market volatility rises as Nvidia delivers strong results but AI-profitability concerns persist. Recent Nvidia earnings impressed, yet doubts over AI monetization remain, leading to a pullback in risk assets and heightened market volatility. While U.S. corporate earnings are broadly positive, equity indices continue to face pressure at elevated levels. We recommend maintaining a balanced sector allocation and preserving liquidity to navigate short-term swings. At this stage, investors may increase exposure to high-quality stocks. For long-term investors, market pullbacks that bring valuations back to reasonable levels can offer opportunities to gradually accumulate AI-related and technology names to participate in future structural growth. ◆ Within Europe, the U.K. and Germany—both less sensitive to global trade disruptions—appear relatively attractive for diversification. In Japan, Prime Minister Kishida's expanded fiscal stimulus aims to support economic activity, which is favorable for Japanese equities. However, short-term investors should monitor currency volatility closely.	Strategy: Use high-quality equities to navigate short-term volatility. Long-term: Accumulate AI and tech stocks on dips Regions: Europe, U.K., Japan, and New Asia Tech Stocks
Bonds	◆ Economic growth is slowing and the labor market is cooling, steepening the yield curve between short- and long-term maturities. In this environment, U.S. Treasuries and investment-grade bonds are suitable for locking in yields and collecting income. Within investment-grade credit, A-rated and above leading companies are preferred, with sectors such as financials, utilities, and industrials offering relatively attractive risk-adjusted spreads. ◆ With the U.S. dollar facing long-term depreciation concerns, investors may diversify currency risk by increasing exposure to non-USD investment-grade bonds, such as those denominated in EUR or SGD.	Duration: Short to medium-term Treasuries and high-grade bonds for yield lock-in Sector: Financials, industrials, and utilities favored for higher-quality yield
Forex	◆ Divergent views within the Federal Reserve and expectations for *three rate cuts next year limit the room for significant U.S. dollar appreciation. The medium- to long-term outlook for the dollar remains biased toward weakness. ◆ In Japan, Prime Minister Kishida's large-scale fiscal expansion puts short-term depreciation pressure on the yen, while the medium- to long-term trajectory should reflect improvements in economic conditions and future rate hikes, supporting a gradual recovery. The euro and the British pound are expected to move with a mild upward bias amid volatility.	USD: Short-term rebound; medium- to long-term mild weakening EUR, JPY, GBP: Gradual upside with swings
Commodity	◆ A short-term rebound in the USD and lower expectations for near-term rate cuts are pressuring gold prices. However, long-term drivers—including inflation risks and fiscal-deficit concerns—continue to support a bullish medium- to long-term outlook for gold. Long-term investors may use pullbacks as opportunities to add gold for portfolio diversification.	Gold: Medium- to long-term bullish



Hong Kong Property Investment Value Re-Emerges

Rental Yields Lead The Nation And Have Returned To Positive Carry

Hong Kong's residential rental yield has rebounded to 3.7%, now the highest among major Chinese cities such as Beijing and Shanghai. More importantly, yields have once again exceeded mortgage rates, restoring positive carry. With the rate-cut cycle beginning and rents continuing to rise, this yield advantage is set to widen further. This will directly revive "buy-to-let" investment demand, repositioning Hong Kong property as a high-yield defensive asset.

Overseas-student And Mainland-buyer Demand Fuels Both Rentals And Sales

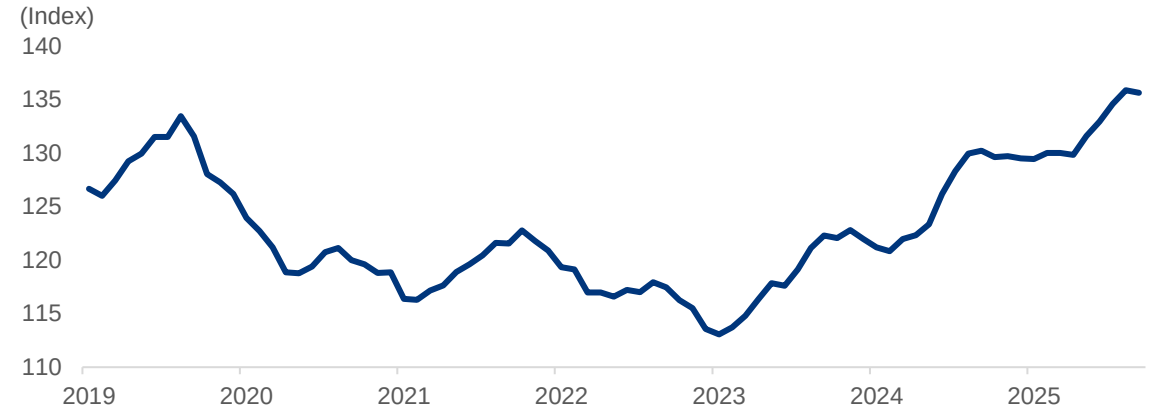
Hong Kong is rapidly transforming into Asia's education hub. Last year, student visa approvals surged to over 74,000, driving more than 20% rental growth over the past two years. At the same time, Mainland Chinese buyers have reached their highest share since the QE era—one in every four transactions now comes from the Mainland. This strong non-local structural demand fills the supply gap and has become a key driver supporting both rental and price recovery.

Supply Contraction Creates A Strong Price Floor

While demand expands structurally, supply is tightening sharply. New land supply has fallen from a peak of 25,000 units to just 10,000, implying a continued decline in future residential completions. As inventory is gradually absorbed, the supply-demand balance will tilt significantly in the coming years. This supply deficit forms a solid valuation floor and is likely to serve as a catalyst for a price rebound.

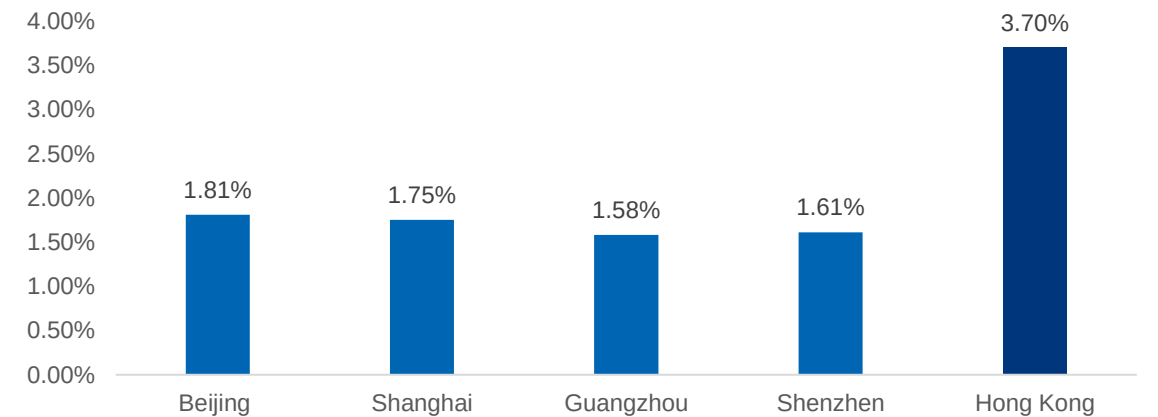
Source: Bloomberg

Centaline Rental Index



Source: Centaline Property Agency; Index base set at 100 points in July 1997

Rental Yield



Source: Midland Realty

Sino Land (83)

Closing Price	HK \$10.1	Target Price	HK \$13.0	
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Sino Land’s core businesses include property development, property management and related services, as well as hotel operations.

Fundamentals Bottoming Out; Capital Positioning Ahead of the Recovery

The company is entering a key inflection point. Hong Kong’s property market has confirmed a “volume and price recovery” in 2025, while new land supply has dropped sharply to just 10,000 units, meaning a significantly improved supply–demand backdrop. At the same time, commercial property sentiment has bottomed, and office/retail leasing is no longer a drag on developers. As fundamentals stabilize, Sino Land’s recent share-price strength reflects early positioning by investors seeking valuation recovery upside as the property cycle turns.

Net-Cash Balance Sheet Provides a Strong Moat and Expansion Flexibility

Sino Land’s well-known net cash balance sheet gives it exceptional defensiveness and flexibility at the early stage of a recovery. Major developers have outperformed the Hang Seng Tech Index year-to-date, rising about 30%, signaling a rotation from high-volatility sectors toward property names backed by tangible assets. Sino Land’s sizable cash reserves provide strong strategic optionality—allowing the company to acquire high-quality land at attractive valuations during market troughs, enhancing long-term growth and shareholder return potential.

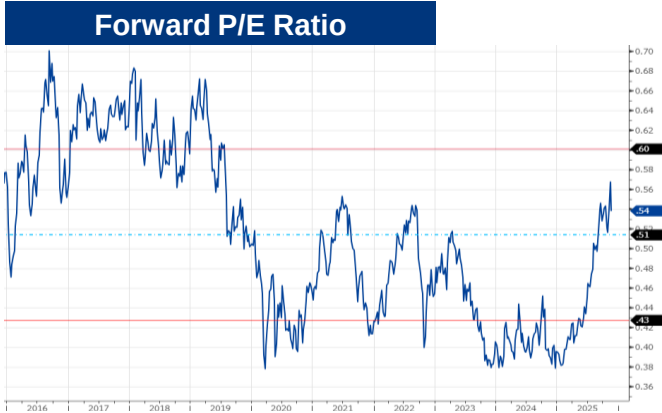
Cash Position Fuels Privatization Speculation; Target Price HKD \$13

The company holds HKD 45.5bn in net cash—an amount comparable to its minority-interest market capitalization—offering a compelling incentive for controlling shareholders to consider privatization, effectively providing investors with a “free option.” We assign a target price of HKD 13, or 0.6x P/B, in line with the long-term average of the Hang Seng Property Index. Given improving fundamentals, the current share price offers meaningful re-rating potential.

Source: Bloomberg

Financials	2022	2023	2024	2025F	2026F
Revenue (HKD bln)	12	8.7	8.2	8.1	8.8
Revenue YoY	-24	-26	-6.6	-0.6	8.4
EPS (HKD)	0.8	0.6	0.58	0.5	0.5
EPS YoY	-12	-20	-4.9	-12	-1.2
ROE(%)	3.7	2.7	2.4	2.8	2.7

Project Launching Schedule			
Estimated Completion Fiscal Year	Project Name / Phase	Location	Estimated Gross Floor Area (sq ft)
FY 2025 / 2026	ONE CENTRAL PLACE	Central	84,261
FY 2026 / 2027	Grand Mayfair III	Yuen Long	121,620
	LOHAS Park Phase 13	Tseung Kwan O	386,681
	Yau Tong Property Development	Yau Tong	260,274
FY 2027 / 2028	Wing Kwong Street / Chung On Street	To Kwa Wan	185,278
FY 2029 / 2030	Cheung Sha Project, Lantau Island	Lantau Island	81,806
	Shing Tak Street / Ma Tau Chung Road	Kowloon City	228,205
	Kai Tak Area 2A, Sites 2 & 3	Kai Tak	496,139
FY 2030 / 2031	Castle Peak Road – Castle Peak Bay Project	Tuen Mun	282,103
	Others		8,353
Total	9 Project		2,134,720



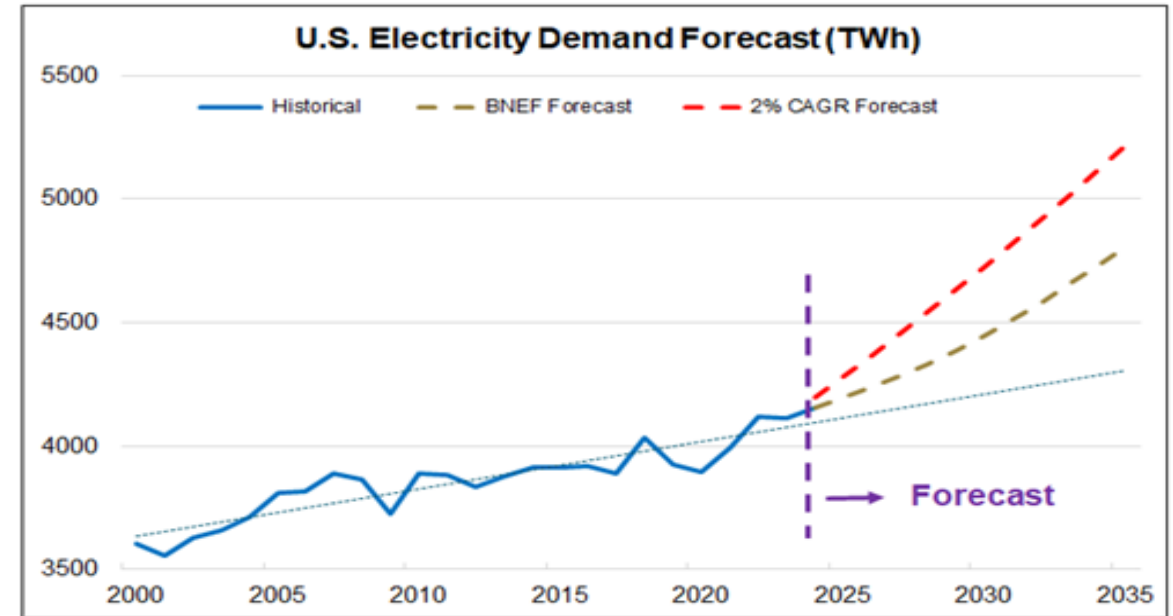


Rising Power Demand Driven by AI and Grid Expansion

- ▶ Due to the U.S. government shutdown disrupting data collection, the October nonfarm payrolls report was cancelled, delaying key insights into labor-market conditions.
- ▶ In September 2025, U.S. nonfarm payrolls increased by 119,000—reversing the revised 4,000 decline in August and surpassing market expectations of 53,000.
- ▶ The U.S. unemployment rate rose from 4.3% in August to 4.4% in September, above expectations and reaching its highest level since October 2021.
- ▶ As of November 15, initial jobless claims fell by 8,000 to 220,000, remaining well below the average seen since late Q2.
- ▶ Existing home sales in October 2025 increased 1.2% MoM to an annualized 4.10 million units—the second consecutive monthly rise and the highest level in eight months, broadly in line with expectations.
- ▶ Utility executives report that AI data centers have now become the fastest-growing source of U.S. electricity demand, pushing major utilities to accelerate investments in nuclear, natural gas, renewables, and storage to ensure round-the-clock power supply for hyperscale customers.
- ▶ The International Energy Agency forecasts that global data-center power demand will double by 2030. Europe is already experiencing grid strain and more stringent permitting due to rapid AI-driven load growth.
- ▶ Following the OBBBA Act, several wind and solar tax incentives have been reduced, while FEOC rules have added complexity. However, the continued availability of transferability and direct-pay incentives still provides strong support for clean-energy financing and deployment.

Source: SEIA, IEA, Sprott

U.S. Electricity Demand Forecast (TWh)



Constellation Energy (CEG)

Closing Price	US \$338.11	Target Price	US \$400
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Constellation Energy Corporation produces carbon-free energy and sustainable power solutions, generating and distributing nuclear, hydro, wind and solar energy across the United States. The company serves residential customers, institutional clients, the public sector, community aggregators and corporations.

Long-Term Power Purchase Agreements Signed With Hyperscalers

CEG has signed landmark 20-year nuclear power purchase agreements with Meta and Microsoft. As hyperscale operators commit multi-year capital expenditures to gigawatt-scale AI data-center construction, these agreements effectively pre-sell future generation capacity and demonstrate the growing need for clean, reliable baseload power to support accelerating AI-driven electricity demand.

Federal Loan Support Accelerates Nuclear Restart

The U.S. Department of Energy has approved a US\$1 billion loan to restart the Three Mile Island Unit 1 reactor. The loan reduces CEG’s capital cost and commissioning risk, allowing roughly 835 MW of carbon-free baseload capacity to return as early as 2027–2028. With many regional grids approaching capacity constraints from AI-related construction demand, the restart directly addresses tightening power supply and helps maintain system reliability.

Benefiting From Strong Regulatory Support

CEG is the largest producer of carbon-free nuclear energy in the U.S., with more than 21 GW of generation capacity. Nuclear energy benefits from strong federal and state incentives, including the IRA 45U production tax credit, Zero-Emission Credit (ZEC) programs, and an expanding DOE loan portfolio. As grid-expansion timelines extend over many years, nuclear energy’s scalability, zero-carbon profile and high capacity factor position CEG at the core of meeting inevitable hyperscale and AI-driven demand growth.

Fiscal Q3 2026 Results Improved Year-over-Year

Revenue for fiscal Q3 2026 rose 0.3% year-on-year to US\$6.57 billion. Adjusted EPS came in at US\$3.04, falling short of expectations by US\$0.08. For the full year, the company narrowed its adjusted EPS guidance range to US\$9.05–9.45, compared with the prior range of US\$8.90–9.60.

Valuation Consensus

Bloomberg’s 12-month average target price stands at US\$407.69, with a high estimate of US\$478 and a low estimate of US\$184.

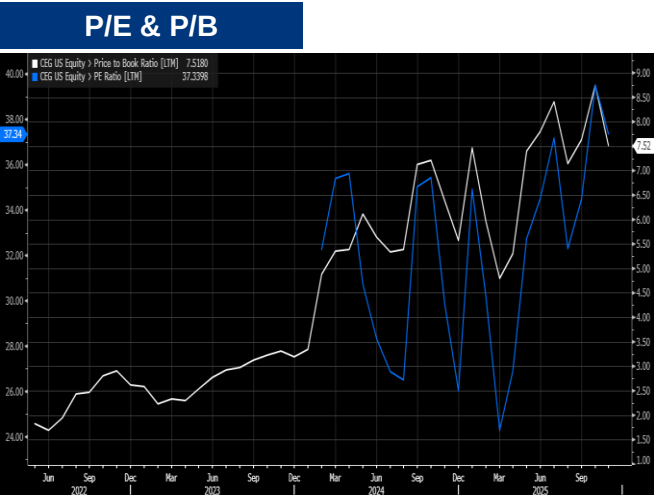
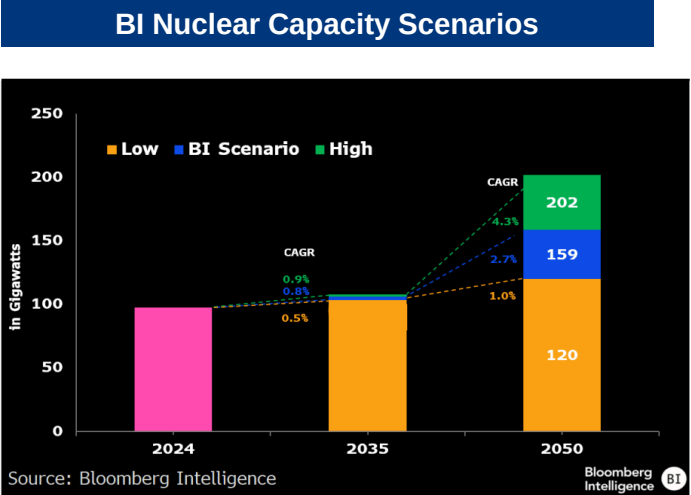
Source: Bloomberg



Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	24.4	2.0	-5.4	0.4	10.7
EBITDA (%)	12.5	16.8	28.7	21.8	27.8
EPS(USD)	-0.11	5.22	8.31	9.28	11.44
Net Profit Margin(%)	-0.2	6.8	11.1	12.4	14.3

Source: Bloomberg; 2025/26F are market estimates



NextEra Energy (NEE)

Closing Price	US \$83.48	Target Price	US \$92
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NextEra Energy, Inc. is a clean-energy company that generates and sells electricity produced from wind and solar power, while also providing battery-storage solutions. The company primarily serves customers in the state of Florida.

Lower Financing Costs Support 29.6GW Of Renewable & Storage Backlog

With the Fed having cut rates by a cumulative 50bps in 2025, NEE has only partially benefited so far, but further easing would meaningfully improve project returns across its ~29.6GW renewable-energy and storage backlog. Lower financing costs—combined with NEE’s scale—create a favorable environment for high-margin deployment over the next several years.

Tax Credits Provide Multi-year Earnings Visibility And Faster Capital Recovery

NEE continues to benefit from Production Tax Credits (PTC), Investment Tax Credits (ITC), and transferable tax credits, which enhance project economics and accelerate capital recovery. These long-duration incentives support stable multi-year earnings, insulating the company from near-term macro uncertainty.

Ai-driven Demand & Google Nuclear Partnership Strengthen Long-term Growth

Rapid growth in AI-related electricity demand is prompting utilities to accelerate investments in renewables and nuclear power to avoid future grid shortages. NEE is positioned to benefit from rising data-center load in Florida and from its new collaboration with Google to restart the 615MW Duane Arnold nuclear plant—supporting its role as a key clean-power supplier for expanding digital infrastructure.

2025 Fiscal Q3 Earnings Below Expectations

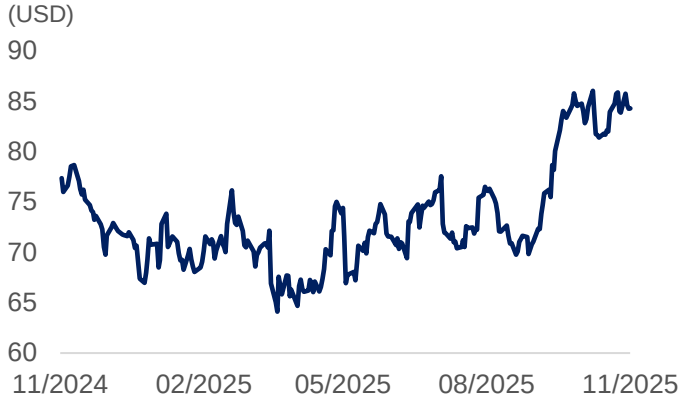
Revenue for FY2025 Q3 grew 5.3% YoY to USD 7.97 billion, missing expectations by USD 1.25 billion, while non-GAAP EPS reached USD 1.13, beating forecasts by USD 0.11. For full-year 2025, the company guides adjusted EPS between USD 3.45 and USD 3.70.

Valuation Consensus

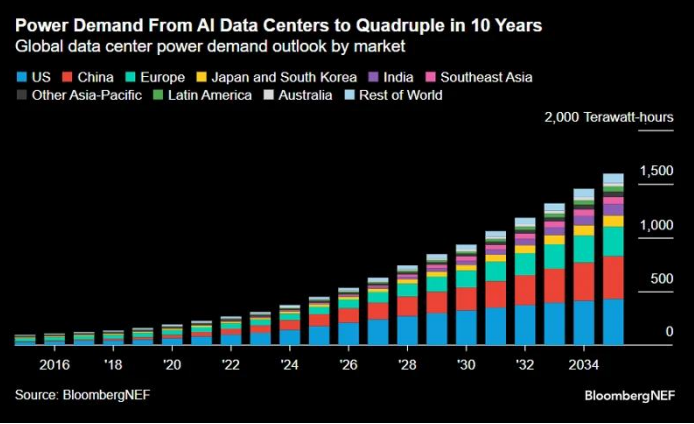
Bloomberg’s 12-month average target price is USD 91, with a high estimate of USD 103 and a low estimate of USD 56.

Source: Bloomberg, NEF

1-Year Price



AI Data Centers Power Demand

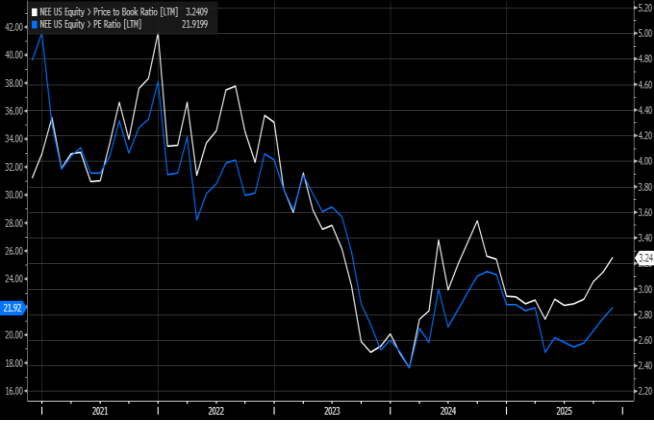


Financials

	2022	2023	2024	2025F	2026F
Revenue Growth(%)	22.8	34.2	-12.0	14.9	9.6
EBITDA (%)	38.2	57.3	52.1	58.1	60.6
EPS(USD)	2.46	3.12	3.23	3.68	3.99
Net Profit Margin(%)	23.2	22.6	26.9	26.8	26.8

Source: Bloomberg; 2025/26F are market estimates

P/E & P/B





Market Uncertainty Drives Volatility in Taiwan Stocks; 2026 AI Demand to Continue Boosting Memory Names

U.S. Market Movements Continue to Drive Fluctuations in Taiwan Equities

After a sharp rebound supported by Nvidia's strong earnings, Taiwan stocks surged on Thursday and quickly filled Tuesday's downside gap. However, renewed uncertainty from the latest U.S. employment data triggered selling pressure, weighing on Friday's performance. Although concerns over an AI bubble have temporarily eased thanks to Nvidia's upbeat results—which helps stabilize AI-related sentiment—investors should prioritize AI names currently trading above short-term and monthly moving averages and showing solid revenue and earnings performance.

General-Purpose Server Demand is Accelerating a Wave of Memory Procurement, Supporting a Continued Price Uptrend into 2026

Spot prices for DDR5 16Gb have surged more than threefold since September, driven by robust AI demand and stronger-than-expected purchases for general-purpose servers. According to our supply chain checks, U.S. cloud service providers (CSPs) plan to meaningfully increase procurement next year, well above expectations and historical averages. We forecast that U.S. CSP shipments of general-purpose servers may grow 50% YoY in 2026, driven by accelerated replacement cycles—after CSPs extended depreciation starting in 2022—and by early purchasing ahead of expected shortages into 2027.

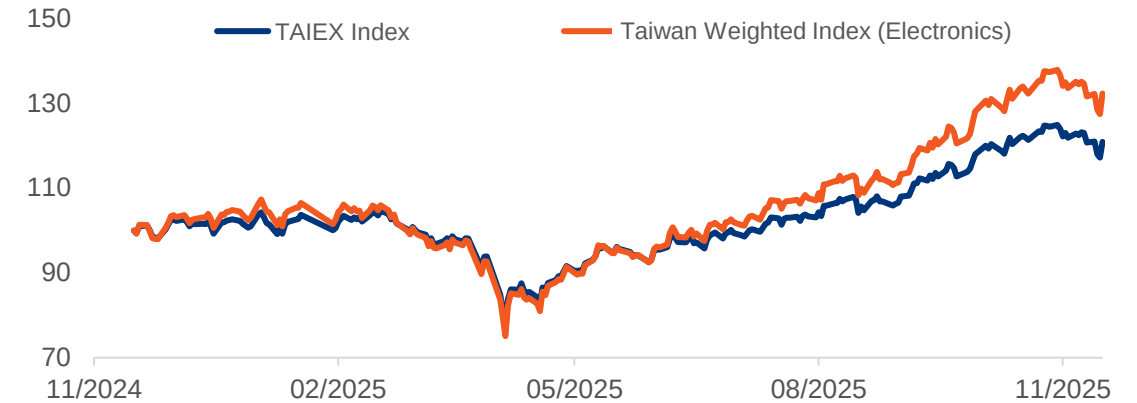
We expect memory to remain in a structural shortage through 2026, with 3Q26 being the tightest period. DDR5 contract prices are projected to rise from USD 5.5 in 3Q25 to USD 17.2 in 4Q26, while DDR4 pricing may also be pulled higher alongside DDR5 strength.

Memory-related stocks are positioned to benefit as product prices continue to climb..

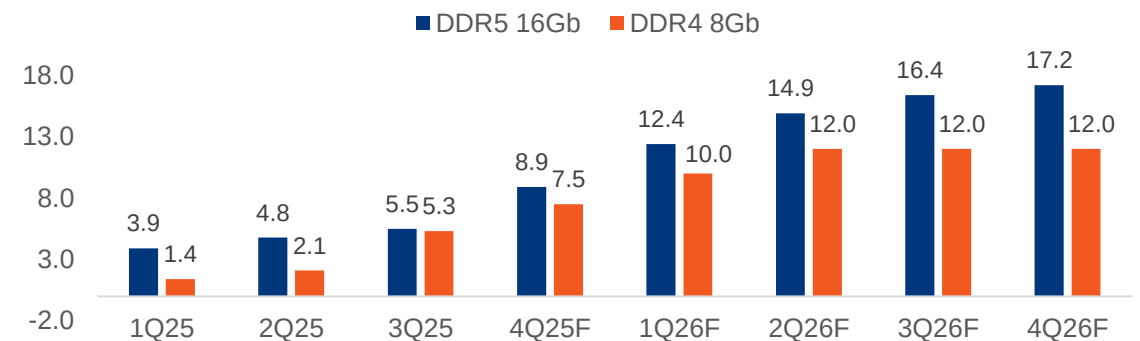
Source: Bloomberg

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

Index, 20 Nov 2024 = 100



Contract Prices: DDR5 and DDR4 DRAM Chips



Nanya Technology (2408 TT)

Nanya Technology Corporation manufactures and distributes semiconductor products (DRAMs), serving both the Taiwan market and global customers.

Key Features

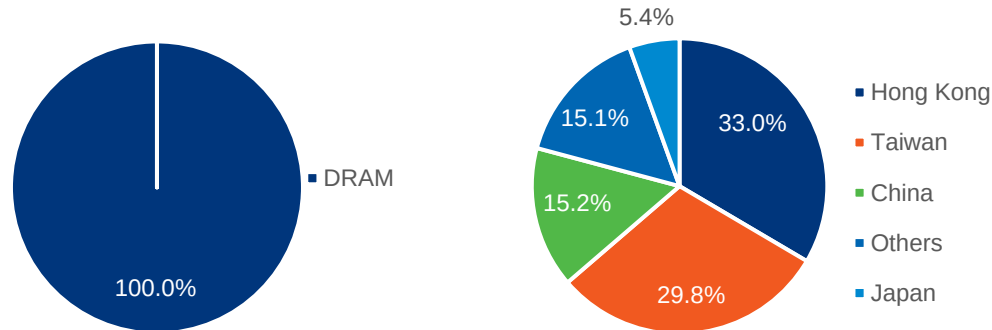
Upward Revision to 2026 Average Selling Price (ASP)

DDR4 contract prices continue to rise far beyond our earlier expectations. We revised upward its assumptions for 1Q26–4Q26 ASP growth to 15% / 10% / 0% / 0%. Bit shipment forecasts remain aligned with management's guidance from the latest earnings call—that monthly 2026 output can sustain levels comparable to 3Q25's +10%. However, given Nanya's continued expansion of its 1B process capacity, with a particular focus on DDR4 production, we believe bit shipments carry upside potential in 2026.

2026 EPS Forecast Raised to NT\$20.98

We now estimates Nanya's 2026 revenue to surge 128% YoY to NT\$148.4 billion, with a 59.2% gross margin and EPS of NT\$20.98. Relative to previous projections, the main driver of revision is the substantial upward adjustment in ASP, accompanied by minor upward tweaks in bit shipment forecasts.

Revenue Sources and Regions



Source: Bloomberg

Financials

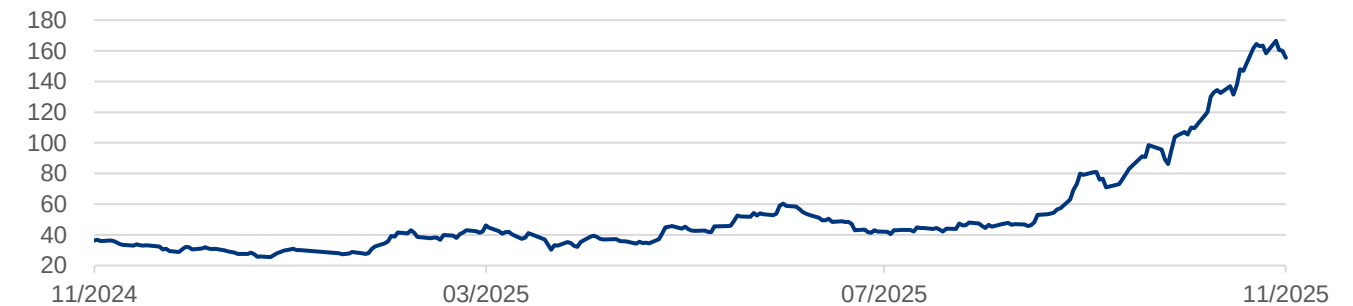
	2022	2023	2024	2025F	2026F
EPS (NTD)	4.72	-2.40	-1.64	1.23	20.98
EPS Growth (%)	-36.2	-150.9	-31.7	0.0	1,610
P/E Ratio	29.0	N.A.	N.A.	111.7	6.5
ROE (%)	8.3	-4.3	-3.1	2.3	33.6

Source: Company data, estimates of KGI analyst

Valuations

		5Y Avg.	Current	
Price	25.40			166.50
P/E	5.20			39.23
P/B	0.47			2.00

1-Year Price



As of 20 Nov 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-4.89	45.33	249.05	243.65	431.62	328.97

Winbond Electronics (2344 TT)

Winbond Electronics Corporation designs, manufactures, and sells integrated circuits and related electronic products, serving both domestic customers in Taiwan as well as export markets including the United States and Hong Kong.

Key Features

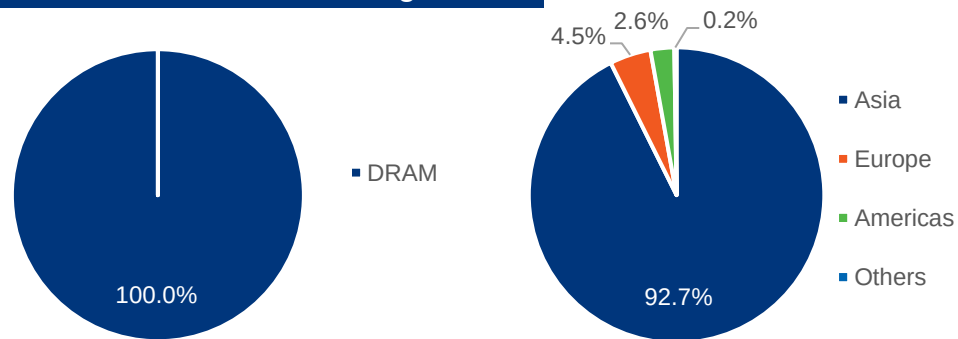
4Q25 EPS Expected to Continue Growing

We forecast a significant upswing in DDR4/DDR3 contract prices, driving a 45% QoQ increase in DRAM ASP, which in turn lifts DRAM revenue to NT\$10.4 billion, up 56.6% QoQ. For the Flash memory business, both ASP and bit shipments are expected to rise 5% QoQ, resulting in Flash revenue increasing 10% QoQ to NT\$8.25 billion.

Upward Revision to 2026–2027 EPS Estimates

We project Winbond's revenue to grow 55.1% in 2026 and 23.1% in 2027, supported by gross margins of 47.0% and 46.1%, respectively. The main driver of this upward revision is the expansion of Winbond's Kaohsiung fab capacity from 15k to 24k wafers per month, with new capacity ramping up starting 2H26. This leads us to raise assumptions for DRAM bit shipment growth in 2H26–2027. Additionally, as DDR4 contract prices continue to exceed earlier expectations, we now forecasts EPS of NT\$6.64 in 2026 and NT\$8.42 in 2027.

Revenue Sources and Regions



Source: Bloomberg

Financials

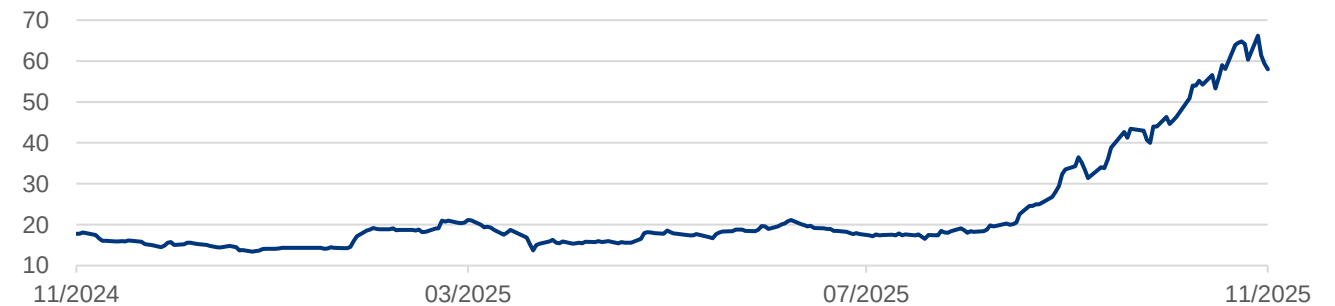
	2022	2023	2024	2025	2026F
EPS (NTD)	-0.29	0.14	1.08	6.64	8.42
EPS Growth (%)	-108.8	0.0	670.4	517.0	26.7
P/E Ratio	N.A.	400.8	52.0	8.4	6.7
ROE (%)	-1.2	0.7	5.2	26.9	26.9

Source: Company data, estimates of KGI analyst

Valuations

		5Y Avg.	Current	
Price	13.35			66.20
P/E	4.02			895
P/B	0.65			3.14

1-Year Price



As of 20 Nov 2025	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-9.66	25.13	222.22	212.67	291.89	225.84

Mutual Funds/ ETFs

AI Demand Surges; Long-Term Power Equipment Remains in Structural Shortage

► Utilities Select Sector SPDR Fund (XLU.US)

- The fund seeks to track the performance of the Utilities Select Sector Index, which represents the utilities segment of the S&P 500. Its constituents include companies in electric power, multi-utilities, water services, independent power and renewable electricity producers, and natural gas distribution—with electric utilities making up the largest portion.
- Launched in 1998, XLU has a long operating history.
- It concentrates on large-cap, highly liquid U.S. utility blue chips, with major holdings such as NextEra Energy, Constellation Energy, and Southern Co. The top ten holdings together account for roughly 59% of the portfolio.
- The fund features a very competitive expense ratio of just 0.08%, positioning it among the lowest-cost ETFs in the utility sector.

► iShares U.S. Utilities ETF (IDU.US)

- The ETF aims to track the Russell 1000 Utilities RIC 22.5/45 Capped Index, which selects utility companies from within the Russell 1000 Index. The index applies the RIC 22.5/45 capping rule, limiting any single stock to a maximum weight of 22.5%, and ensuring that the combined weight of all stocks above 5% cannot exceed 45%. This prevents concentration risk and avoids dominance by a few mega-cap names.
- Established in 2000, IDU has more than 25 years of history.
- Its investment scope is broader, with top holdings that similarly include NextEra Energy, Constellation Energy, and Southern Co., while the top ten holdings represent about 53% of the fund.

Source: Bloomberg

Product	Utilities Select Sector SPDR Fund (XLU.US)		iShares U.S. Utilities ETF (IDU.US)	
Features	■ AUM > USD 22B; Top 10 holdings ≈ 60% of portfolio ■ Expense ratio 0.08% — low among peers		■ Index cap: ≤22.5% per stock; >4.5% weights total <45% ■ Themes: waste mgmt & energy transition— for sustainability-focused investors	
AUM	USD 22.276 B		USD 1.754 bln	
Tracking Index	Utilities Select Sector Index		Russell 1000 Utilities RIC 22.5/45 Capped Index	
Exchange	NYSE		NYSE	
Holdings	31		44	
Expense Ratio	0.08%		0.38%	
3M/YTD Return	3.46% / 19.31%		2.44% / 18.12%	
Sectors (%)	Electric	65.52	Electric	57.71
	Multi	25.78	Multi	22.25
	Renewable & Independent	4.79	Environmental	8.37
	Gas	2.06	IPP & Trading	5.43
	Water	1.86	Gas	2.96
Top 5 Holdings (%)	NEE.US	12.79	NEE.US	11.10
	CEG.US	8.23	CEG.US	7.15
	SO.US	7.22	SO.US	6.27
	DUK.US	7.01	DUK.US	6.08
	AEP.US	4.80	WM.US	5.10

Utilities Select Sector SPDR Fund (XLU.US)

Profile

This ETF tracks the Utilities Select Sector Index, aiming to replicate the index's constituents and deliver performance corresponding to the underlying benchmark.

Focus on the Structural Stability of Utility Demand

The index tracked by the ETF includes companies involved in electricity, natural gas, and water infrastructure—areas where demand is inherently stable and sticky. This makes the ETF suitable for investors seeking long-term, steady, and resilient investment exposure.

Large Asset Base with High Portfolio Concentration

The ETF manages over USD 22 billion in assets, with electric utilities accounting for roughly 66% of the total portfolio. Nearly 60% of its weight is allocated to the top ten holdings, which include industry leaders such as NextEra Energy, Constellation Energy, and Southern Company.

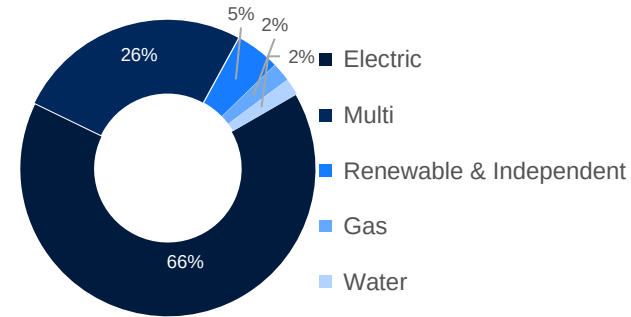
Low Expense Ratio

With an expense ratio of only 0.08%, the ETF is among the most cost-efficient options within its category. Its low fees help investors reduce long-term costs and enhance overall net returns.

Inception Date	1998/12/16	AUM	USD 22.276 B
ETF Category	Equities	Holdings	31
Expense Ratio	0.08%	3Y Stand. Dev. (Ann.)	14.88%

Source: Bloomberg

Sectors



1Y Price

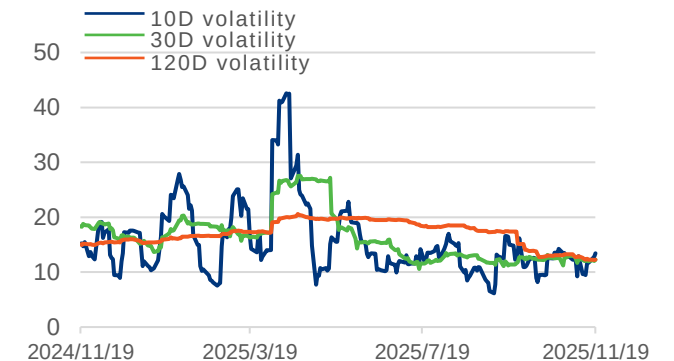


As of 20 Nov 2025	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-3.39	3.46	19.31	13.18	40.97	62.23

Top-5 Holdings (%)

NEE.US	12.79
CEG.US	8.23
SO.US	7.22
DUK.US	7.01
AEP.US	4.80

1Y Volatility



iShares U.S. Utilities ETF (IDU.US)

Profile

This ETF tracks the Russell 1000 Utilities RIC 22.5/45 Capped Index, aiming to replicate the performance of the index constituents and achieve returns corresponding to the benchmark.

Quarterly Rebalancing with Weight Caps

The ETF tracks the Russell 1000 Utilities RIC 22.5/45 Capped Index, which applies quarterly rebalancing and strict weight caps. No single constituent may exceed 22.5%, and the combined weight of all constituents above 4.5% cannot exceed 45%. This structure helps reduce concentration risk and prevents any one company from dominating the index.

Tilted Toward Large-Cap Holdings

Large-cap names represent nearly 95% of the ETF's portfolio, with the top ten holdings accounting for about 53%. Key constituents include NextEra Energy, Constellation Energy, and Southern Company—leading U.S. utility providers with stable cash flows and strong market positions.

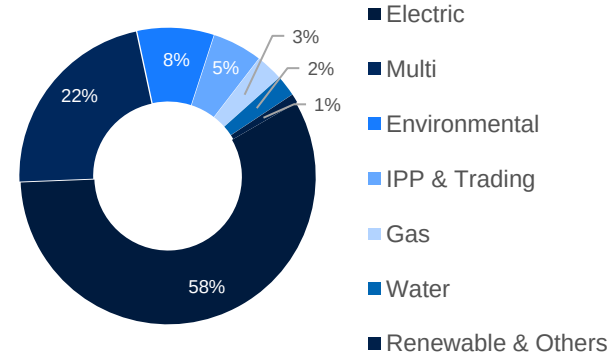
Distinct Investment Strategy with ESG Alignment

Beyond traditional utility sectors such as electricity, natural gas, and water infrastructure, the index also includes major waste-management companies. This provides exposure to ESG and energy-transition themes, aligning the portfolio with long-term structural trends. The combination of defensive characteristics, environmental relevance, and broader diversification makes the ETF attractive for investors who prioritize sustainable investing.

Inception Date	2000/6/12	AUM	USD 1.754 bn
ETF Category	Equities	Holdings	44
Expense Ratio	0.38%	3Y Stand. Dev. (Ann.)	14.15%

Source: Bloomberg

Sectors



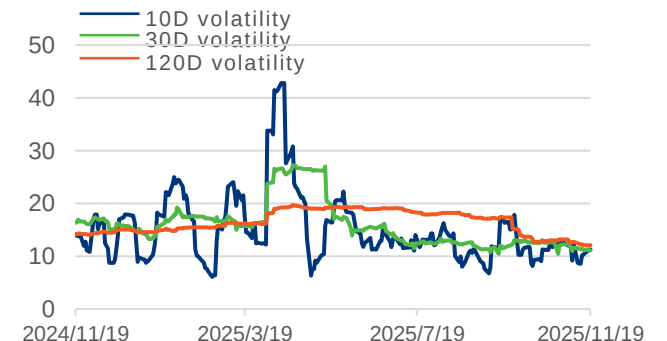
1Y Price



Top-5 Holdings (%)

NEE.US	11.10
CEG.US	7.15
SO.US	6.27
DUK.US	6.08
WM.US	5.10

1Y Volatility



As of 20 Nov 2025	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-3.16	2.44	18.12	12.03	41.75	61.55



AI Demand Linked to the Power Sector; Allocation to High-quality Leading Corporate Bonds Recommended

► EDF 5.75 01/13/35 (Électricité de France) (USD)

- Électricité de France (EDF) is the world’s second-largest and Europe’s largest integrated electricity producer, with a dominant market position in France and strong operational footprints in the UK and Italy. EDF accounts for 70–75% of France’s total electricity generation, holding approximately 70% share in the residential power market and 50% in the non-residential segment. Through ongoing nuclear plant construction and expansion, EDF plays a pivotal role in France’s long-term energy transition strategy. As of 2023, low-carbon energy accounts for 90% of EDF’s total power generation—78% from nuclear and 9% from hydropower—positioning the company as a global leader in the decarbonization era.
- EDF was fully renationalized in June 2023 and is now 100% owned by the French government. Nuclear energy is a policy priority across nearly all French political parties, and as the central state-owned utility underpinning France’s energy strategy, EDF is expected to continue receiving strong and explicit government support.
- EDF delivered strong financial performance in both 2023 and 2024. Despite moderating energy prices, the company raised its 2024 nuclear output guidance twice—in September and again in December—providing continued earnings support. In June 2024, S&P revised EDF’s credit outlook to *Positive*, and we expect a potential upgrade to its credit rating in the future.

Product	EDF 5.75 01/13/35 (Électricité de France) (USD)
ISIN	USF29416AF53
Features	The company completed its renationalization in June 2023 and is now 100% owned by the French government. Despite the pullback in energy prices, EDF continued to deliver strong operating performance throughout 2023 and 2024, supported by increasing nuclear output guidance and resilient low-carbon generation.
Maturity Date	2035/1/13
Next Call Date	2034/10/13
Coupon (%)	Fixed/5.75/Semi-annual
Currency	USD
Years to Maturity	9.15
Credit Rating (Moody’s/Fitch/S&P)	Baa1/BBB+/BBB
Seniority	Senior Unsecured
YTM/YTC (%)	5.18/5.16

Source: Bloomberg

EDF 5.75 01/13/35 (Électricité de France) (USD)

Profile

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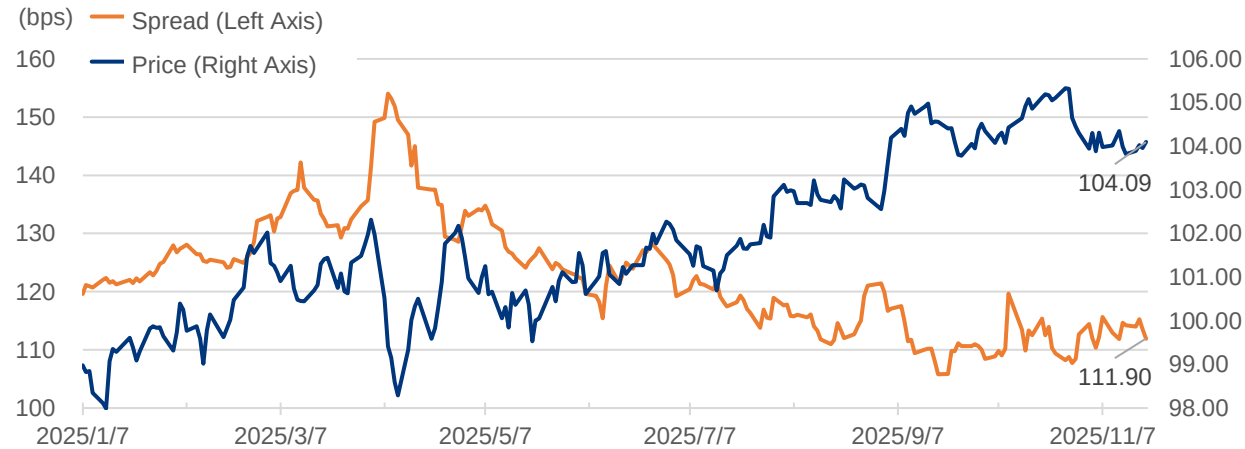
Financials	2023	2024	2025
Net Debt/ EBITDA (x)	-	1.59	1.64
Interest Coverage Ratio (%)	-6.22	7.78	8.12
EBITDA Profit Margin (%)	-8.74	22.40	27.26

Source: Bloomberg

Overview

Name	EDF 5.75 01/13/35	ISIN	USF29416AF53
Maturity Date	2035/1/13	Remaining Maturity	9.15
Coupon(%)	Fixed/5.75/Semi-annual	YTM/YTC(%)	5.18/5.16
Currency	USD	Min. Subscription/ Increment	100,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa1/BBB+/BBB	Seniority	Senior Unsecured

Price (New Issued Bond)



Appendix

Key Economic Data / Events

► Nov 2025

17

Monday

- Japan Q3 GDP YoY (prelim)
(Act:-1.8% Est:-2.4% Prev:2.3%)
- Japan Sep. Industrial Production Mom (Final)
(Act:2.6% Prev:-1.5%)

18

Tuesday

- U.S. Oct. Industrial Production
(Act: N/A Prev:N/A)
- U.S. Aug. Durable Goods Orders MoM (Final)
(Act:2.9% Est:2.9% Prev:-2.8%)

19

Wednesday

- Eurozone Oct. CPI YoY (final)
(Act:2.1% Est:2.1% Prev:2.2%)
- Eurozone Oct. Core CPI Yoy (Final)
(Act:2.4% Est:2.4% Prev:2.4%)
- Japan Sep. Core Machinery Orders Mom
(Act:4.2% Est:2.0% Prev:-0.9%)

20

Thursday

- U.S. Weekly Initial Jobless Claims
(Act:220k Est:227k Prev:228k)
- U.S. Sep. Nonfarm Payrolls Change
(Act:119k Est:53k Prev:-4k)
- U.S. Sep. Unemployment Rate
(Act:4.4% Est:4.3% Prev:4.3%)
- Eurozone Nov. Consumer Confidence Index (Prel)
(Act:-14.2 Est:-14.0 Prev:-14.2)
- Taiwan Oct. Export Orders Yoy
(Act:25.1% Est:28.0% Prev:30.5%)

21

Friday

- U.S. Nov. S&P Global Mfg PMI
(Est:52.0 Prev:52.5)
- U.S. Nov. Michigan Consumer Sentiment Index (final)
(Est:50.6 Prev:53.6)
- Eurozone Nov. Mfg PMI (preli)
(Est:50.1 Prev:50.0)
- Japan Oct. Nationwide CPI YoY
(Act:3.0% Est:3.0% Prev:2.9%)
- Japan Nov. S&P Global Mfg PMI
(Act:48.8 Prev:48.2)
- Japan Oct. Exports YoY
(Act:3.6% Est:1.1% Prev:4.2%)

24

Monday

- Taiwan Oct. Unemployment Rate
(Prev:3.35%)

25

Tuesday

- U.S. Sept. Retail Sales Mom
(Prev:0.6%)
- U.S. Sept. PPI YoY
(Prev:2.6%)
- U.S. Nov. Conference Board consumer confidence index
(Est:93.3 Prev:94.6)

26

Wednesday

- U.S. Weekly Initial Jobless Claims
(Prev:220k)
- U.S. Sep. Durable Goods Orders Mom (Prel)
(Prev:2.9%)
- Japan Oct. Machine Tool Orders Yoy (Final)
(Prev:11.0%)
- Earnings: DE

27

Thursday

- Eurozone Nov. Consumer Confidence Index (Final)
(Prev:-14.2)
- Eurozone Nov. Economic Sentiment Index
(Prev:96.8)

28

Friday

- Japan Oct. Unemployment Rate
(Est:2.5% Prev:2.6%)
- Japan Oct. Job-to-applicant Ratio
(Est:1.2 Prev:1.2)
- Japan Oct. Tokyo CPI YoY
(Est:2.7% Prev:2.7%)
- Japan Oct. Industrial Production Mom (Prel)
(Est:-0.6% Prev:2.6%)
- Taiwan Q3 GDP YoY (preli)
(Prev:7.64%)

Source: Bloomberg

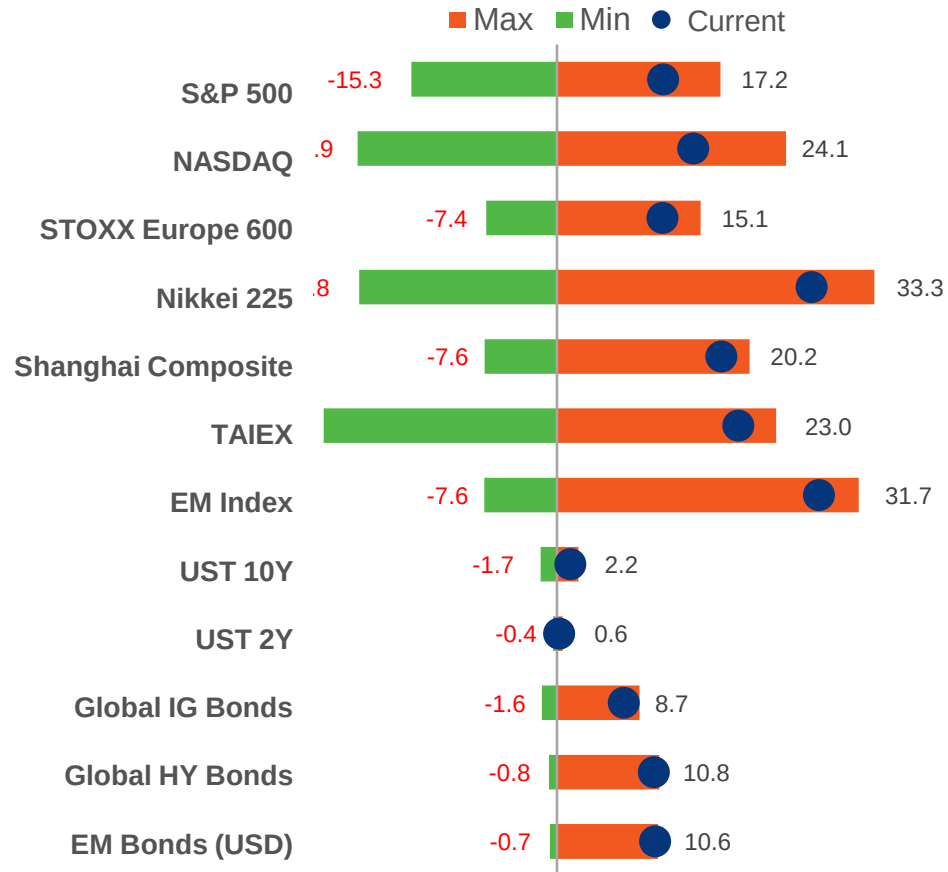
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	EPS
2025/11/18	Home Depot Inc (HD)	41.18B	41.4B	3.84	3.74	V	
2025/11/18	Medtronic Plc (MDT)	8.87B	9B	1.31	1.36	V	V
2025/11/19	Lowe'S Cos Inc (LOW)	20.85B	20.81B	2.97	3.06		V
2025/11/19	Tjx Companies Inc (TJX)	14.84B	15.1B	1.23	1.28	V	V
2025/11/20	Nvidia Corp (NVDA)	54.89B	57B	1.25	1.3	V	V
2025/11/20	Palo Alto Networks Inc (PANW)	2.46B	2.5B	0.89	0.93	V	V
2025/11/20	Walmart Inc (WMT)	177.45B	179.5B	0.6	0.62	V	V
2025/11/21	Intuit Inc (INTU)	3.76B	3.9B	3.09	3.34	V	V

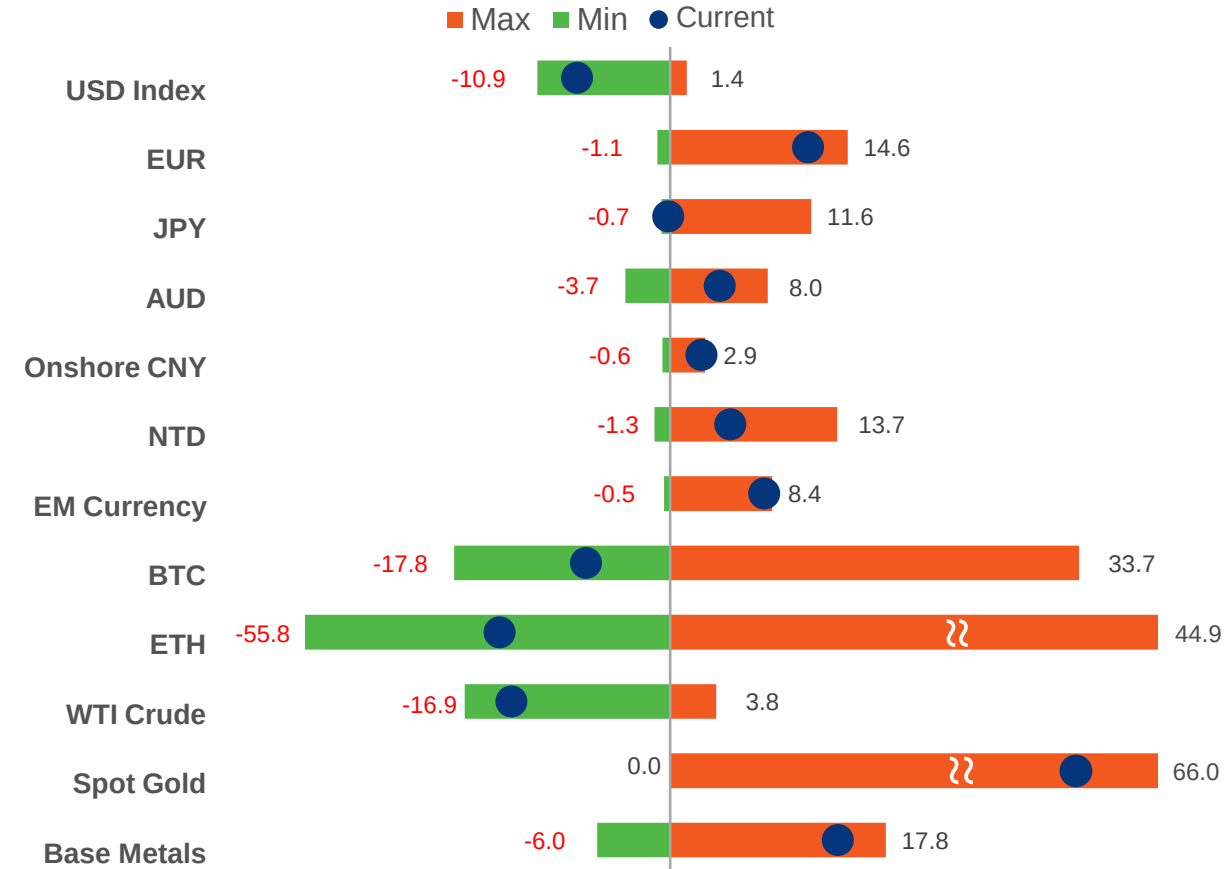
Source: Investing.com

YTD Major Market / Asset Performance

Equities & Bond Markets YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg, 21 Nov 2025

Technical Analysis

S&P 500 Index

■ Current: 6,538
■ 60D MA: 6,674



NASDAQ Index

■ Current: 22,078
■ 60D MA: 22,681



STOXX Europe 600 Index

■ Current: 563
■ 60D MA: 563



Nikkei 225 Index

■ Current: 48,917
■ 60D MA: 47,099



Shanghai Composite Index

■ Current: 3,893
■ 60D MA: 3,899



MSCI Emerging Markets Index

■ Current: 1,371
■ 60D MA: 1,356



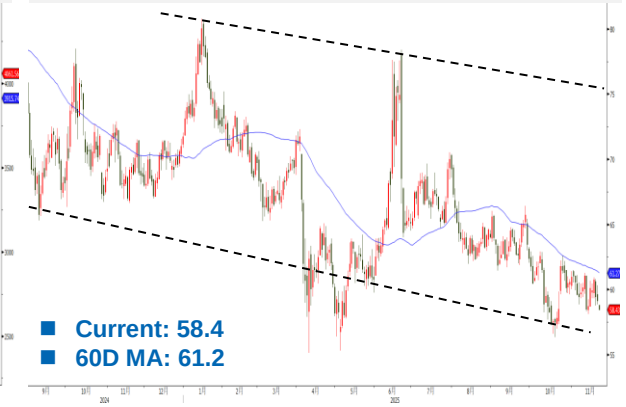
Gold

■ Current: 4,061
■ 60D MA: 3,915



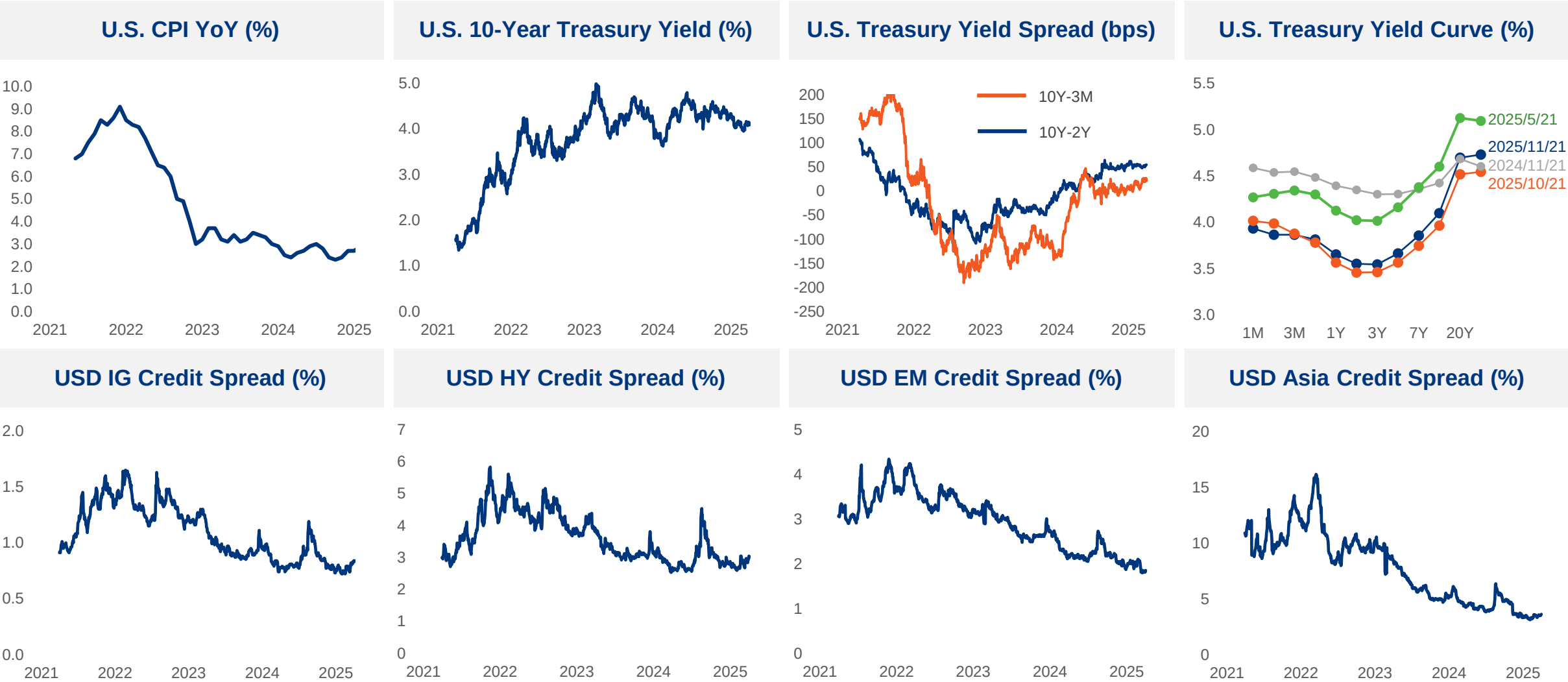
WTI Crude

■ Current: 58.4
■ 60D MA: 61.2



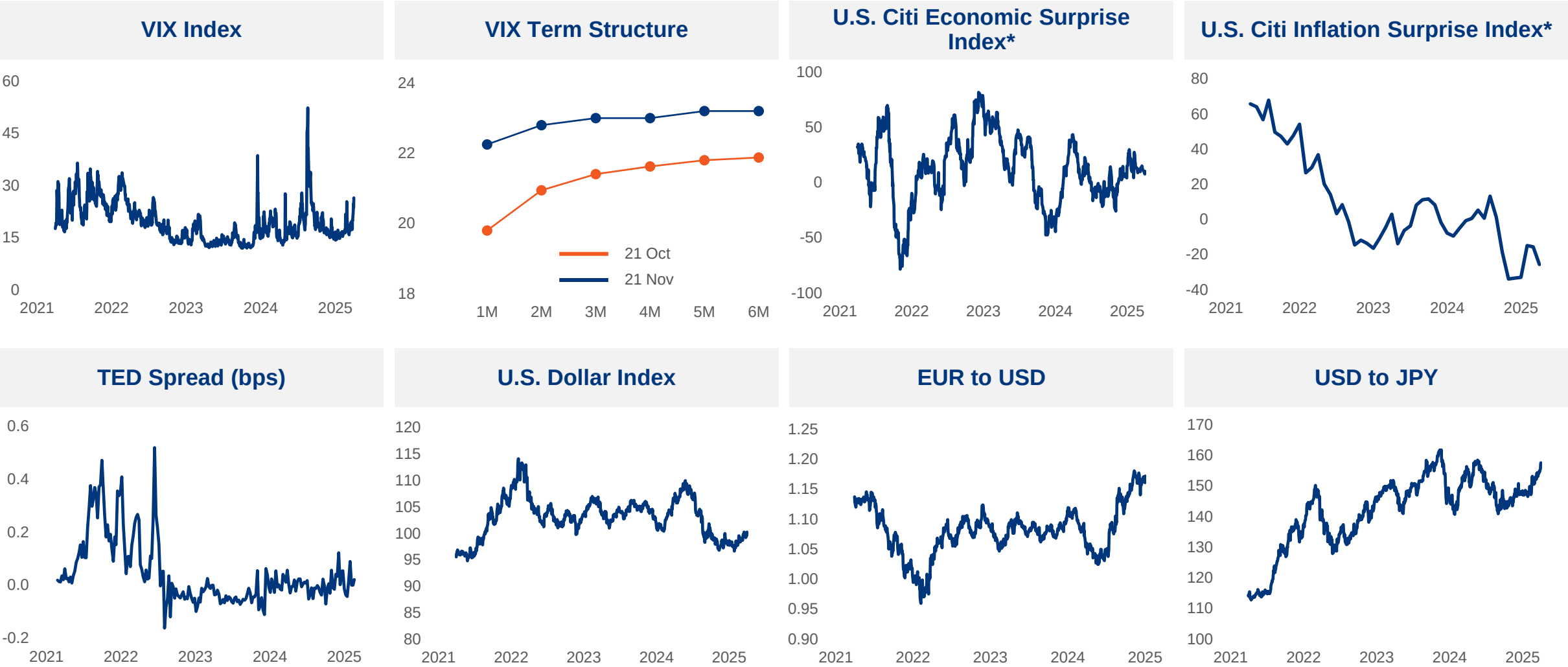
Source: Bloomberg, 21 Nov 2025

Market Monitor



Source: Bloomberg, 21 Nov 2025

Market Monitor



Source: Bloomberg, 21 Nov 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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