

O1 Chart of the Week

Looking Ahead to 2026: Valuation and Earnings as the Core Anchors



02 Market Recap

During the Christmas and New Year Holidays, Trading in Financial Markets is Subdued



03 What's Trending

With a Weak Labor Market and Accommodative Monetary Policy, the U.S. Dollar is Soft



04 In Focus

European Equities Enjoy Valuation Advantages, While Spain's Services Sector Emerges as a Standout



05 Product Spotlight

Selection of HK, Taiwan Equities, Bonds and Funds/ETFs

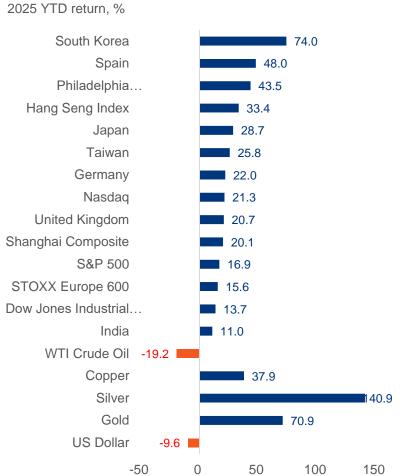




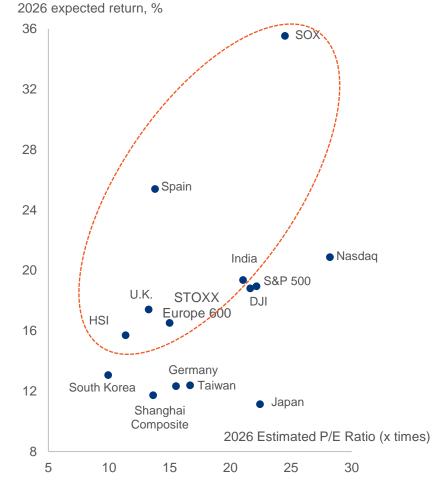
Looking Ahead to 2026: Valuation and Earnings as the Core Anchors

- ▶ Looking back at 2025, Al development, Trump-era tariffs, and the Fed's rate cuts were the three dominant market themes. Despite elevated volatility, most equity markets ended the year near record highs. Tech-heavy markets such as Korea, the Philadelphia Semiconductor Index, and Taiwan outperformed. Hong Kong equities also posted strong gains, supported by technology exposure, capital returning to Asia, and a low starting base. Commodities including gold, silver, and copper likewise reached new highs.
- ▶ Looking into 2026, the key question is whether market leaders can sustain their outperformance or whether laggards will stage a catch-up rally. The answer likely comes back to economic fundamentals and corporate earnings trajectories.
- ▶ In 1H26, spillover effects from tariffs are expected to persist, modestly weighing on global growth. That said, Al semiconductor orders and earnings visibility remain strong, suggesting continued momentum for leading tech stocks. Markets with improving fundamentals and relatively attractive valuations—such as Europe, Spain, the UK, and even India—may benefit from solid earnings outlooks, a weaker USD, capital rotation, and fiscal expansion, offering further upside. Other markets are still expected to rise, though gains may be more constrained given the high base set in 2025.





2026 Expected Returns and Valuation Multiples of Major Country Indices

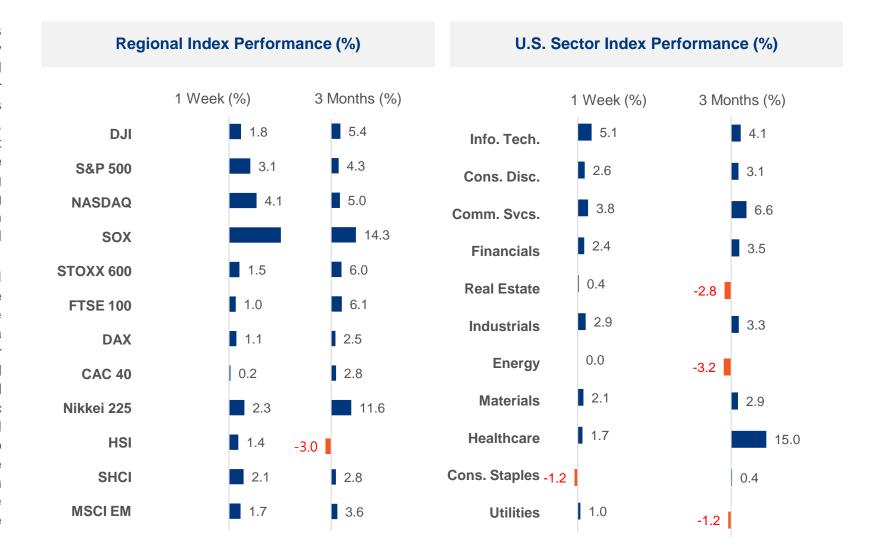






Holiday-Thinned Trading Around Christmas and New Year

- ▶ U.S. 3Q GDP grew 4.3% YoY, beating expectations of 3.3% and the prior 3.8%, driven mainly by consumer spending, which expanded 3.5% and remained a key pillar of growth. However, consumer confidence weakened. The Conference Board's December Consumer Confidence Index fell to 89.1, below the expected 91, dropping for a fifth straight month and matching the longest decline since the 2008 financial crisis. The data reflect lingering inflation pressure and a soft labor market, leaving future consumption momentum uncertain. With markets closed for Christmas, trading was thin and turnover in both U.S. and Taiwan equities declined.
- ▶ Micron's strong guidance signaled sustained Al demand. Nvidia's flagship H200 Al chips are expected to begin shipping to China before the Lunar New Year in February, while AMD CEO Lisa Su's meeting with China's Commerce Minister Wang Wentao further supported gains in Al and semiconductor stocks. The U.S. Navy announced plans to build new warships to revive domestic shipbuilding and address a shortage of small vessels. Trump signed an executive order to "ensure U.S. space dominance," directing the Pentagon and intelligence agencies to draft a space-security strategy and urging private contractors to boost efficiency, lifting space-defense related stocks.

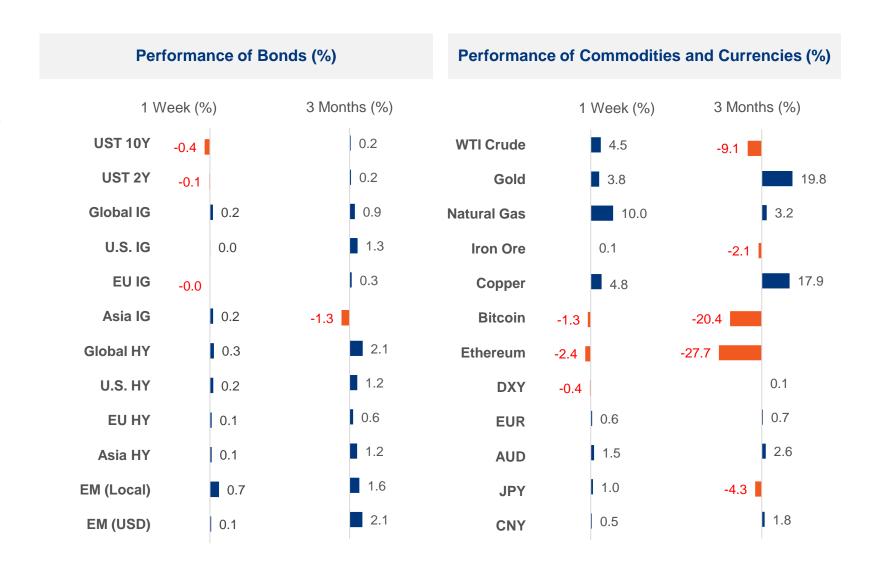


Source: Bloomberg, 26 Dec 2025



Weaker USD and Rising Geopolitical Risks Push Gold, Silver, and Copper to New Highs

- ▶ U.S. November CPI rose 2.7% YoY, below the expected 3.1%. Core CPI increased 2.6%, also under forecasts, suggesting tariff-driven inflation pressure remains manageable. Rates futures indicate the market expects 50 bps of Fed cuts by end-2026, above the 25 bps implied in the dot plot, keeping liquidity loose. The U.S. 10Y yield slipped to 4.13%, with Treasuries moving near flat.
- ▶ The U.S. tightened its oil blockade on Venezuela, while Trump ordered an airstrike on Nigeria on Christmas Eve. Though framed as targeting ISIS, terrorism, and protecting religious freedom, the strike may have aimed at Nigeria's oil selfsufficiency and rare-earth resources. Heightened geopolitical tensions boosted safe-haven demand for gold and silver, with gold breaking to a fresh high above USD 4,500/oz, and silver and copper also hitting record levels. The DXY fell to 97.9 as markets expect the ECB's cutting cycle to be near its end, supporting EUR strength, while the JPY stabilized after verbal intervention. RBA minutes showed rising concern over upside inflation risks, raising the possibility of a rate hike in 2026 and pushing AUD to a one-year high.



Source: Bloomberg, 26 Dec 2025

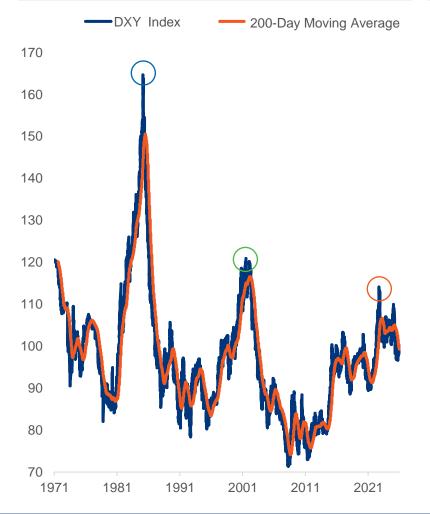




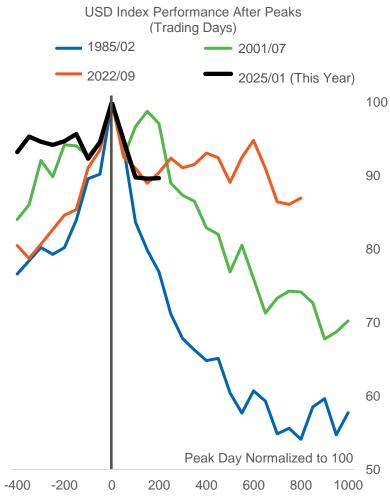
Soft Labor Market Pressures the USD; Fed Independence Emerges as Downside Risk

- ► The DXY in December traded slightly below its 200day average, suggesting fading short-term momentum and a shift toward range-bound trading. With U.S. labor-market data continuing to weaken, the USD may keep softening.
- ▶ Despite solid GDP growth and expectations of steady expansion in 2026, nonfarm payrolls have declined. Initial jobless claims recently hit their highest since 2008, and entry-level positions have been reduced by AI adoption, raising the risk that short-term frictional unemployment turns into long-term structural unemployment. Beyond jobs, the Fed's other mandate—price stability—faces only one-off tariff effects, with markets expecting limited and short-lived impact once absorbed. A weaker labor market and cooling inflation point to larger rate cuts, pressuring the USD.
- ▶ A further downside risk comes from challenges to Fed independence. The Trump administration has pushed for rapid and sizable rate cuts. Separately, a court ruling on the removal of Lisa Cook could come in 1Q26, with oral arguments set for 21 January 2026. Should the Supreme Court allow her removal, the White House may continue using various justifications to steer policymakers toward its preferred direction, intensifying concerns over Fed independence and adding downside pressure on the USD.





Compared With Past USD Peaks, the Current Decline Is Mild

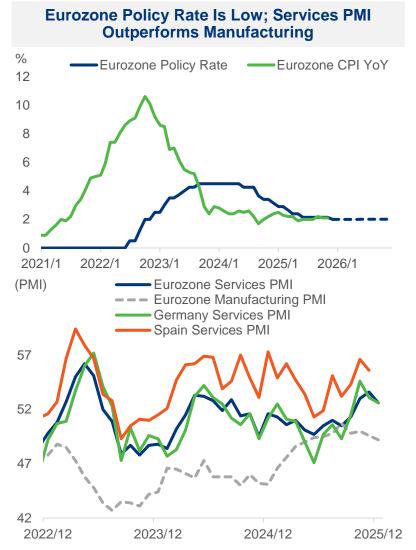


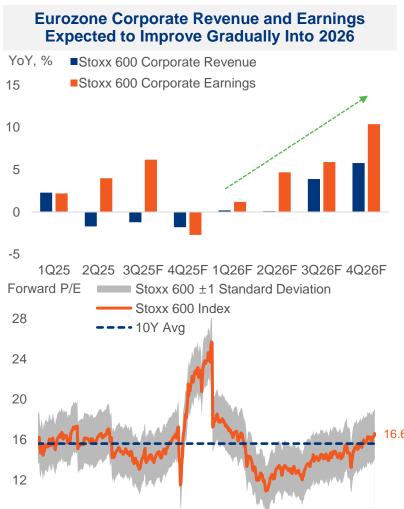


In Focus

Eurozone Earnings Keep Improving; Low-Rate Environment Supports Valuations

- ▶ Eurozone November CPI eased to 2.1%. A stronger EUR will further suppress core goods prices, and the ECB expects inflation to gradually return toward its 2% target. After cutting the policy rate to 2%, it intends to keep it unchanged—still lower than the U.S. and U.K.—creating a rate environment supportive for economic activity and financial assets. Eurozone 3Q GDP rose 0.3% QoQ, beating expectations. Composite PMI climbed for a sixth straight month to 52.8, a near 30-month high, driven mostly by services, offsetting manufacturing weakness. Real wages remain in positive growth, supporting domestic demand and services activity, with most countries' services PMIs holding above 50, and Southern Europe performing even better.
- Russia-Ukraine talks progress, peace reconstruction demand lift Eurozone mav manufacturing from its trough, allowing corporate earnings to rise gradually. Markets expect European revenue and profit to improve quarter by quarter into 2026. Eurozone's low rates not only stimulate growth but also enhance equity valuations. Valuation rerating remains a key driver for the continued strength in European equities. The Stoxx 600 currently trades at 16.6x forward P/E—well below U.S. equities. Even at record highs, its P/E is only slightly above the 10year average, offering attractive value.





2019/4/23

2015/12/23

Source: Bloomberg, LSEG



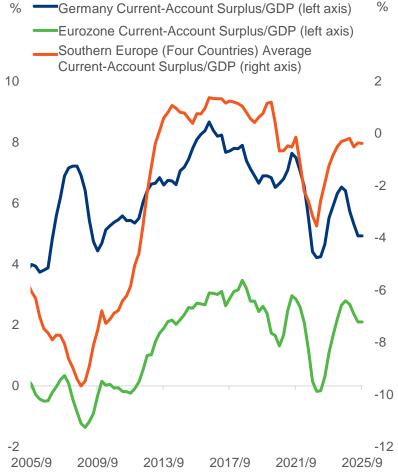
2025/12/23

2022/8/23

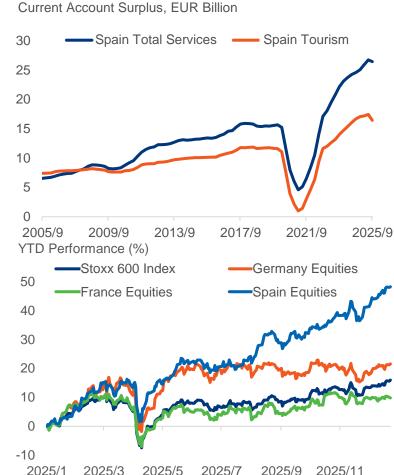
Tourism Boom Lifts Spain; Services Sector Breaks Out

- ▶ Eurozone total debt-to-GDP is about 88%, lower than the U.S. and Japan, giving room for fiscal expansion. Germany faces state elections next year, likely pushing the federal government to accelerate fiscal stimulus, providing support for equities. Germany's current-account surplus relative to GDP outperforms the Eurozone, reflecting stronger fundamentals and supporting a constructive view on German equities. Southern Europe's current-account surplus-to-GDP ratio has also improved significantly since 2012.
- ▶ Spain stands out this year, with a surge in tourism revenue fueling services-sector growth. The EU's 2026 Recovery and Resilience Facility (NGEU), totaling EUR 800bn, is expected to meaningfully stimulate economies such as Spain and Italy and advance green and digital transformation. European banks have materially strengthened compared with the past, vet still trade at lower valuations than U.S. peers, leaving room for rerating. Spain's market has a high weighting in banks and financials, suggesting its equity momentum can extend if bank stocks continue to rise. We recommend increasing allocation to diversified European equities, with Germany and Spain as satellite country exposures. Sector focus: financials, defense, and raw-material names positioned to benefit from the EU's 2026 "European Critical Raw Materials Hub" initiative.

Southern Europe's Fiscal Position Improved Significantly After 2012



Post-Pandemic, Spain's Tourism Industry Expanded Rapidly, Lifting Services Revenue





Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	 Investment Outlook for 2026 can be approached through L (Liquidity Shift), E (Earnings Focused), A (Adding Credit), and D (Diversified Asset). Capital is expected to continue flowing out of the U.S. dollar, where rate cuts are anticipated, into non-U.S. assets. Equity investments should focus on earnings growth to reinforce valuation rationality, while combining bond income with moderate allocations to alternative assets helps diversify portfolio risk and enhance investment efficiency. European equities can serve as part of diversified allocation, with Germany—supported by fiscal stimulus and clear economic improvement—and Spain—with strong fundamentals and a high weighting of financial stocks—as preferred countries. Preferred sectors include financials, benefiting from improved balance sheets, and defense, supported by policy. Japanese equities should focus on domestic demand, banks, and semiconductors. 	Strategy: Under the AI theme, the core beneficiaries include technology, semiconductors, utilities, and machinery; outside of AI, aerospace, defense, and pharmaceuticals are favored. Regions: German equities, Spanish equities, Japanese banking stocks, and Japanese semiconductor stocks.
Bonds	 As the yield curve steepens, attention can be paid to locking in yields through medium- to short-term investment-grade bonds, high-yield bonds, and emerging market bonds. Sectors with higher risk-adjusted spreads include financials, utilities, and industrials. With long-term concerns over U.S. dollar depreciation, diversification into non-U.S. currency bonds—such as investment-grade bonds denominated in euros and Singapore dollars—can help mitigate risk. 	Duration: Medium- to short-term government bonds, investment-grade bonds for yield lock-in. Sector: Investment-grade bonds for yield lock-in, with financials, industrials, and utilities preferred.
Forex	 The Federal Reserve's hawkish rate cuts have deferred expectations for future easing, but a weak labor market and cooling inflation will increase the extent of U.S. rate cuts. In addition, with the Fed's independence possibly challenged in 2026, the U.S. dollar is expected to remain weak. The Bank of Japan has raised rates, but the government favors accommodative policy. At present, the Fed's hawkish cuts support the dollar and weaken the yen. Looking ahead, a softer dollar and narrowing U.S.–Japan yield differentials are expected to boost the yen. The European Central Bank is nearing the end of its rate-cut cycle, German bond yields have rebounded, and the euro is showing strength. 	USD: Bias toward depreciation. JPY, EUR: Volatile but biased to gradual appreciation.
Commodity	◆ U.S. inflation has not further deteriorated, and the market expects the Federal Reserve to maintain accommodative policy. In addition, the U.S. has tightened its oil sanctions on Venezuela, raising geopolitical risks and driving gold prices to new highs. Demand for silver has surged due to applications in technology and semiconductors, and with Trump seeking to increase import tariffs on minerals, manufacturers are stocking up in advance. Silver is expected to remain strong in the short term	Gold: Bullish in the medium to long term Silver: Remains strong in the near term.





2025 Recommendation Review

Automotive Equipment and Delivery Platforms Face Headwinds

Among our China/Hong Kong equity recommendations this year, two sectors lagged expectations: automotive equipment and on-demand delivery platforms. Auto-related names came under pressure as the broader market moved sideways in the second half, weighing on high-valuation growth stocks. Delivery platforms saw earnings slump due to intensified price competition.

From L3 Approval to a Commercial-Scale Inflection Point

With China's MIIT issuing the first batch of L3 autonomous-driving approvals, the industry is shifting decisively from "R&D pilots" to "scaled commercialization," marking the start of a policy-driven acceleration in smart-driving penetration. At the macro level, automotive hardware has evolved into "AI infrastructure" with rapid tech-iteration characteristics. The rollout of L3 not only brings LiDAR into mainstream models as costs fall, but also forces a major leap in in-vehicle compute toward high-power GPUs, opening a golden window for surging demand in high-compute domain controllers and core sensing components.

Competition Stabilizes, Shifting Toward High-Value Member Monetization

Our outlook for platform stocks turns neutral next year, as the period of destructive price competition appears to be ending, allowing the sector to transition to rational profitability. With Meituan (3690) expected to reach breakeven in food delivery by end-1Q26, the industry is set to stabilize around Meituan, Ele.me, and JD.com (9618). Competition will shift from pure order-volume growth to refined monetization of high-lifetime-value members (e.g., 88VIP, Black Gold).

Return Tracking						
Product Name	Recommendation Date	Product Namen Since Recommendation (%)				
Tencent Music – SW*	4/22/2025	69.9%				
Futu Holdings Limited	3/31/2025	58.9%				
Alibaba – W	4/14/2025	43.4%				
Akeso	6/9/2025	42.5%				
Edian Times*	6/9/2025	40.5%				
Niyu Optics	9/15/2025	-20.1%				
Hesai	9/29/2025	-22.9%				
Pop Mart	6/30/2025	-25.2%				
Meiguo – W	4/14/2025	-28.4%				
Li Auto – W	7/28/2025	-44.0%				

Returns are calculated from the recommendation date to the present or the exit date. *Indicates exited positions.



Hesai Group (2525)

Closing Price HK \$180.7

Target Price HK \$286

The group develops, manufactures, and sells 3D LiDAR solutions.

Market Sentiment Recovering; Earnings Beat Triggers Bottom Rebound

Hesai faced ASP pressure as its product mix shifted toward lower-priced ADAS units, and industry price-war concerns weighed on the stock. However, with earnings beating expectations—meeting the market's high valuation bar—plus L3 regulation rollout and strong deliveries, the share price has rebounded more than 50% from the lows.

L3 Regulation Expands Demand; Secures Exclusive Supply With Core OEMs

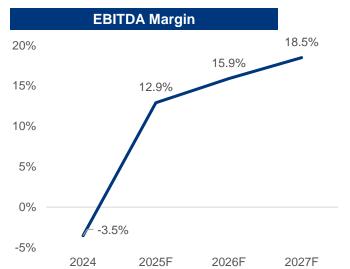
With L3 rules implemented, LiDAR units per vehicle are expected to jump from 1 to 3–6, multiplying market demand. Hesai has secured exclusive supply for all Xiaomi and Li Auto models, reinforcing its leadership in high-end autonomous driving. Deep integration with major OEMs positions the company to benefit directly from the surge in orders driven by autonomous-driving upgrades.

Clear 2026 Guidance; Robotics Becoming a Second Growth Engine

For 2026, Hesai guides shipments of 2–3 million units (up to +81% YoY). Auto LiDAR demand should grow steadily, while the emerging robotics business is expected to double, contributing 13% of shipments. We reiterate our Buy rating with a target price of HKD 286, implying 39x 2027E P/E.

Financials					
	2022	2023	2024	2025F	2026F
Revenue (CNY bln)	1.9	2.1	3.1	4.5	6.2
Revenue YoY	N/A	10.7	51.4	44.6	37.4
EPS (CNY)	-1.93	0.1	3.03	4.65	7.35
EPS YoY	N/A	N/A	203.0	53.5	58.1
ROE(%)	N/A	0.0	7.9	9.3	13.2







Meituan (3690)

Closing Price HK \$103.2

Target Price HK \$127

Meituan is a technology-driven retail platform providing a wide range of daily goods and services across food delivery, in-store consumption, hotel and travel bookings, and other services and sales.

Subsidy Intensity Continues to Cool

Overall subsidy levels appear to have eased from the summer peak—not only user-side incentives have declined, but rider subsidies have also been reduced. Reports indicate riders from other instant-retail platforms are returning to Meituan. This reflects Meituan's competitive strength, while reduced subsidies improve unit economics. The cooling subsidy trend shows China's food-delivery industry is shifting toward healthy unit economics rather than destructive price wars, supporting sector-wide profitability recovery.

Focus on High-AOV Strategy

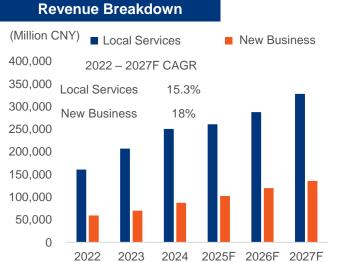
Meituan is strategically strengthening its position in the high-AOV segment to enhance profitability. For orders above RMB 30, Meituan's market share reaches ~70%. High-AOV orders deliver superior unit economics, better covering fulfillment costs and generating higher per-order profit. This is also a key reason riders are returning—higher order value translates into higher income.

Maintain Target Price at HKD 127

With the subsidy war easing, the market will refocus on earnings recovery. The worst phase for the sector appears past, and Meituan's share price has stabilized. The market is increasingly recognizing Meituan's strong competitive advantage in China's food-delivery sector. We maintain our target price of HKD 127.

Financials					
	2022	2023	2024	2025F	2026F
Revenue (CNY bln)	220	277	337	366	412
Revenue YoY	22.8	25.8	21.9	8.5	12.6
EPS (CNY)	0.46	3.74	7.25	-2.77	1.07
EPS YoY	117.8	715.4	93.6	-138	138.5
ROE(%)	-5.26	9.87	22.06	-13.5	-1.97









Taiwan Equities Hit Another Record High; Strong Export Orders Lift Al-Linked Stocks

Taiwan Stocks Extend Gains to Fresh Highs

Taiwan equities continued their upward momentum last week, with the index reclaiming the monthly and short-term moving averages. All key averages are now trending higher, supporting further upside from a technical perspective. Multiple sectors posted strong performance, with market flows concentrated in container shipping, memory, PCB upstream, and flexible board names. Tactically, investors can continue stock picking for price gains. Recently, several small- and mid-cap names have shown strong breakouts; priority goes to companies with robust revenue momentum and stocks breaking above prior highs or trending along short-term averages.

Export Orders Stay Strong, With Electronics Leading

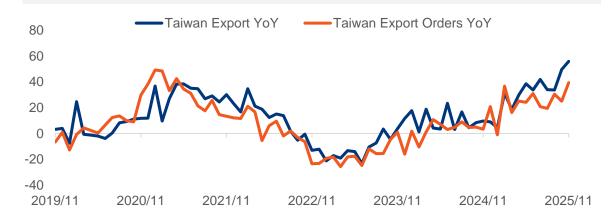
Taiwan's November export orders reached USD 72.92bn, up 39.5% YoY, beating our estimate of 30%. Within electronics, information & communication products totaled USD 26.8bn, with YoY growth sharply revised up to 69.4%, driven by strong Al and cloud-data-service demand, fueling rapid growth in server and networking orders. Electronic components rose to USD 28.23bn (+47.9% YoY), supported by rising Al and HPC demand, which lifted orders for IC manufacturing, chip distribution, and memory.

We estimate AI demand momentum will continue into next year, with December export orders expected to grow 38% YoY. Electronics should maintain solid performance, and we will continue to focus on AI-related beneficiaries, including foundries, advanced packaging, IC manufacturing, and server supply-chain names, all positioned to benefit from strong AI demand.

TAIEX Index and Taiwan Electronics Sector Trends



Taiwan Export Orders, Export Year-on-Year Growth Rate



TSMC (2330 TT)

TSMC is the world's largest dedicated semiconductor foundry, with market share continuing to expand. Its services include wafer fabrication, wafer probing, assembly and testing, mask production, and design services.

Key Features

Source: Bloomberg

Strong AI Demand Drives Further Upward Revisions to CoWoS Capacity

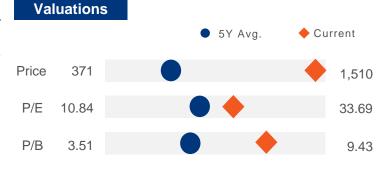
With multiple large-scale Al projects announced, CoWoS demand for 2026–27 continues to be revised higher. We estimate TSMC's CoWoS monthly capacity will rise from 70k wafers at end-2025 to 115k by end-2026, with most of the upward revision driven by Nvidia and Broadcom. We also expect CoWoS to remain in undersupply through 2026–27, supporting ASP increases. We forecast a 3–5% price hike for N3/4/5 in 2026.

Early View: Strong Momentum Likely to Extend Into 2027

If current demand momentum persists into 2027, CoWoS shortages may intensify further. Google and AWS will continue leading in ASIC, while OpenAI, Meta, and Microsoft should see significant growth from a lower base. We expect N2 and CoWoS demand to strengthen meaningfully in 2027, while new packaging technologies—WMCM, SoIC, and early-stage CoPoS—begin contributing revenue. We estimate TSMC will maintain at least 20% YoY revenue growth in 2026–27.

Revenue Sources and Regions 3.3% 1.9% 4.1% • China • Taiwan • Japan • EMEA • Others





Source: Company data, estimates of KGI analyst



Aspeed Technology Inc (5274 TT)

Aspeed is a fabless IC design company specializing in server management controllers, PC/AV extension solutions, desktop virtualization, and security enhancement. Its products include SoC compute solutions, silicon ICs, IP, and software for multimedia, imaging, and networking applications.

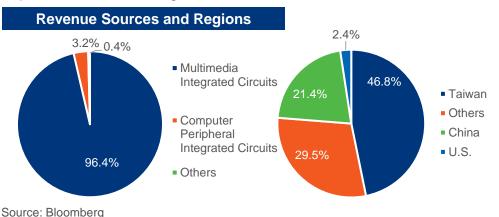
Key Features

Global General-Purpose Server Shipments Could Grow Double Digits in 2026

Our supply-chain checks indicate global general-purpose server shipments could grow 10–20% YoY in 2026, well above Gartner's current 5.6% forecast. The main driver is U.S. CSP demand, which accounts for over 40% of global general-purpose servers, primarily for data storage—aligning with our view that the memory industry has entered an upcycle. This trend will simultaneously lift demand for Aspeed's BMCs.

Strong Catalysts for 2026–2027 Earnings Growth

Acceleration in Al-server shipments, the shift toward rack-level designs, and CPU refresh cycles will lift ASPs for Aspeed's 8th-gen BMCs (AST2700 pricing +60–70% vs. prior gen) and help the company regain share. New product adoption by cloud providers also increases motherboard chipset value content. We estimate Aspeed's 2026 revenue to grow 30.6% YoY to NT\$11.72bn.



Financials					
	2022	2023	2024	2025	2026F
EPS (NTD)	26.66	68.04	99.25	137.82	188.02
EPS Growth (%)	-52.2	155.2	45.9	38.9	36.4
P/E Ratio	238.4	93.4	64.0	46.1	33.8
ROE (%)	24.2	54.3	57.6	60.8	62.8

 Valuations
 5Y Avg.
 Current

 Price 1,465
 7,315

 P/E 27.00
 155.35

 P/B 13.45
 54.22

Source: Company data, estimates of KGI analyst





European Equities Offer Valuation Advantages; Spain's Services Sector Breaks Out

▶ JPMorgan Funds - Europe Dynamic Fund

- The fund invests primarily in high-quality European companies with sustainable competitive advantages.
- It is a large-cap, balanced European equity strategy with concentrated country exposure in the U.K., Germany, France, and Switzerland.
- Launched in December 2000, it has been managed by Jonathan Ingram for 18 years.
- Morningstar 4-star rated, with performance significantly outperforming the benchmark since inception.

Product	JPMorgan Funds - Europe Dynamic	Fund				
Features	 The fund has been established for over 25 years and invests in large European companies. The top ten holdings account for about 27 percent of the portfolio, with no single holding exceeding 5 percent. It is managed by a team of investment managers each with more than ten years of experience, providing stable and consistent support for the fund's strategy. The fund has received a Morningstar four-star rating. 					
AUM	USD 1.293 b	USD 1.293 b				
Currency	EUR					
3M/YTD Return	6.99% / 24.21%					
Top 5 Industry Allocation (%)	Capital Goods Pharmaceuticals, Biotechnology and Life Sciences Banks Insurance	13.6 13.3 11.1 7.9 6.9				
Top 5 Region (%)	U.K. Germany France Switzerland Netherlands	23.5 16.7 16.5 9.6 8.3				
Top 5 Holdings (%)	ASML Holding N.V. Novartis AG Banco Santander S.A. Shell plc Safran SA	3.8 3.0 2.9 2.8 2.4				



JPMorgan Funds - Europe Dynamic Fund

Profile

This is an actively managed portfolio investing primarily in European companies to deliver long-term capital appreciation.

Focus on High-Quality, Undervalued European Equities

The fund applies a fundamentally driven stock-selection approach, targeting European companies with sustainable competitive advantages, strong cash flow, and high shareholder-return quality. It aims to capture upside potential in undervalued value-oriented names.

Holdings Concentrated in Large-Cap Developed Markets

With over 25 years of track record, the fund invests mainly in large European corporates. The top 10 holdings represent about 27% of the portfolio, with no single position exceeding 5%.

Experienced Management Team and Stable Leadership

The fund is overseen by multiple investment managers, each with more than a decade of experience. Lead manager Jonathan Ingram has run the strategy for 18 years. The team's stability continues to support the fund's disciplined process. The fund holds a Morningstar 4-star rating.

Inception	2000/12/8	AUM	USD 1.293 b
Morningstar Category	Europe Large-Cap Blend Equity	Fund Category	Equities
Morningstar Ratings	***	3Y SD (Ann.)	15.26%



Mutual Funds/ ETFs

2026 Structural Al Growth Continues; Pullbacks Offer Attractive Entry Points

▶ Vanguard FTSE Europe ETF (VGK.US)

- Designed to track the performance of the FTSE Developed Europe All Cap Index, which includes large, mid, and small-cap stocks, with the highest country weights in the United Kingdom, France, Switzerland, and Germany.
- The index spans a wide range of industries, with banks representing the largest sector share, followed by pharmaceuticals.
- Holdings are broadly diversified, with the top ten positions accounting for only about 17.6% of the portfolio.
- The current expense ratio is 0.06%, relatively low compared with peers.

▶ iShares MSCI Spain ETF (EWP.US)

- Designed to track the performance of the MSCI Spain 25/50 Index, with a primary focus on large- and mid-cap companies.
- Holdings are highly concentrated, with the top ten positions accounting for more than 75% of the portfolio.
- The three largest holdings are Banco Santander, Iberdrola, and Banco Bilbao Vizcaya Argentaria (BBVA). Sector exposure is relatively concentrated in banks.

Product	Vanguard FTSE Europe ETF (VGK.US)	iShares MSCI Spain ETF (EWP.US)		
Features	 holds 1,200+ stocks, offering broad European market exposure. Expense ratio is 0.06%, among the lowest in its category. 	 Tracks index measuring perform. of Spain's large- and mid-cap stocks. Spain's growth driven by domestic demand, tourism, and investment. 		
AUM	USD 29.42 billion	USD 1.792 billion		
Tracking Index	FTSE Developed Europe All Cap Index	MSCI Spain 25/50 Index		
Exchange	NYSE	NYSE		
Currency	USD	USD		
Holdings	1,237	22		
Expense Ratio	0.06%	0.50%		
3M/YTD Return	7.04% / 36.04%	11.49% / 78.04%		
Sectors (%)	Banks 14.0 Pharmaceuticals 9.5 Insurance 5.8 Aerospace & Defense 4.3 Oil & Gas 3.9	Utilities 21.88 Industrials 13.44 Consumer Discretionary 8.92		
Holdings (%)	ASML Holding N.V. 2.8 AstraZeneca PLC 1.9 Roche Holding AG 1.8 Nestlé S.A. 1.7 SAP SE 1.7	2 Iberdrola S.A. 13.69 5 BBVA 13.28 4 Inditex S.A. 4.92		

Vanguard FTSE Europe ETF (VGK.US)

Profile

Tracks FTSE Developed Europe All Cap Index, aiming to replicate index performance.

Diversified Across Countries & Industries

Covers developed European markets (UK, France, Switzerland, Germany) across financials, industrials, healthcare, technology, and consumer sectors, reducing single-country/industry risk.

Broad Holdings

Portfolio includes 1,200+ stocks across large, mid, and small caps. Top 10 holdings ≈17.6% of portfolio, offering panoramic exposure.

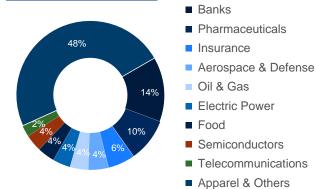
Low Expense Ratio

Expense ratio of 0.06%, among the lowest in category, helping enhance long-term net returns.

Inception Date	2005/3/4	AUM	USD 29.42 b
ETF Category	Equities	Holdings	1,237
Expense Ratio	0.06%	3Y Stand. Dev. (Ann.)	13.72%

Source: Bloomberg

Sectors



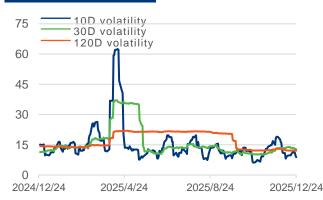
Top-5 Holdings (%)

ASML Holding N.V.	2.87
AstraZeneca PLC	1.92
Roche Holding AG	1.85
Nestlé S.A.	1.74
SAP SE	1.71

1Y Price



1Y Volatility



As of 24 Dec 2025	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	4.34	7.04	36.04	34.73	66.06	63.73

iShares MSCI Spain ETF (EWP.US)

Profile

This ETF tracks the MSCI Spain 25/50 Index, aiming to replicate index constituents and deliver benchmark-aligned performance.

Focused Exposure to the Spanish Equity Market

The index measures the performance of large- and mid-cap Spanish equities, covering about 85% of Spain's free-float adjusted market cap and reflecting the overall Spanish market.

Concentrated Holdings

The portfolio holds around 22 stocks across financials, utilities, industrials, and consumer discretionary sectors. It is relatively concentrated in banks, with the top 10 holdings accounting for roughly 75% of the portfolio. This ETF suits investors seeking exposure to Spain's key sector leaders.

Core Growth Drivers

Spain's economy is supported by three structural pillars—domestic demand, tourism, and investment. Combined with stable employment and ongoing structural reforms, Spain continues to deliver above-Eurozone-average growth, making it one of the more attractive near- to mid-term markets in Europe.

Inception Date	1996/3/12	AUM	USD 1.792 b
ETF Category	Equities	Holdings	22
Expense Ratio	0.50%	3Y Stand. Dev. (Ann.)	17.27%

Source: Bloomberg



2025/4/24

2024/12/24

2025/8/24

Top-5 Holdings (%)

Banco Santander S.A.	18.43
Iberdrola S.A.	13.69
BBVA	13.28
Inditex S.A.	4.92
CaixaBank S.A.	4.73

1Y Volatility



As of 24 Dec 2025	1 M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	5.98	11.49	78.04	77.41	145.36	132.28

2025/12/24





AUD Bond Yields Offer Better Entry; Add Leading Financial Issuers to Enhance Income

► BNP 7 PERP (BNP Paribas) (AUD)

- Based on April 2025 data, BNP Paribas has total assets of about USD 2.81tn, ranking first in France and second in Europe (behind HSBC). Its high geographic and business diversification is a key advantage. The group operates through three pillars: Commercial, Personal Banking & Services (CPBS); Investment & Protection Services (IPS); and Corporate & Institutional Banking (CIB). It focuses mainly on developed markets, with low revenue concentration: France contributes roughly one-quarter of group revenue, followed by Italy (~10%) and Belgium (~10%) as of 2024.
- BNP's strong retail and commercial banking franchise is a core credit strength. Its capital-markets activities are primarily flow-driven and smaller in scale than most global peers, supporting more stable earnings across economic cycles.
- For the first nine months of 2025, BNP reported revenue growth of 3.9% YoY and EUR 13.1bn in pre-tax profit (+1.8% YoY). The CET1 ratio stood at 12.5% in 3Q25, flat QoQ and above expectations, supported by internal capital generation and model updates.
- AUD-denominated AT1 supply in the market is limited, while BNP has extensive experience issuing AT1 instruments. This issuance is relatively new, with comparatively better liquidity.

Product	BNP 7 PERP (BNP Paribas) (AUD)		
ISIN	FR0014014MD4		
Features	Retail and commercial banking operations have key credit advantages, while capital markets business is relatively small, supporting stable profitability.		
Maturity Date	Perpetual		
Next Call Date	2031/6/2		
Coupon (%)	Float/7/Semi-annual		
Currency	AUD		
Years to Maturity	-		
Credit Rating (Moody's/Fitch/S&P)	-/BBB/BBB-		
Seniority	Subordinated		
YTM/YTC (%)	7.32/6.82		

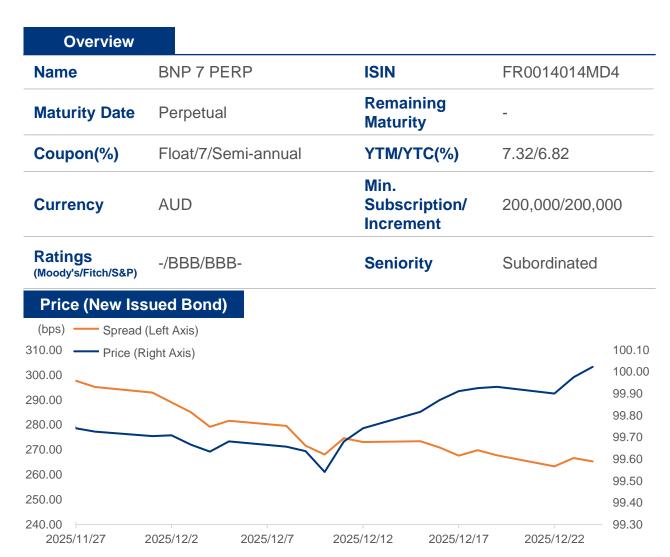


BNP 7 PERP (BNP Paribas) (AUD)

As of April 2025, BNP Paribas had total assets of about USD 2.81tn, ranking No.1 in France and No.2 in Europe (after HSBC). Its key strengths lie in strong geographic and business diversification. Revenue concentration is relatively low across regions: France contributes about one-quarter of group revenue, followed by Italy (~10%) and Belgium (~10%).

- BNP's robust retail and commercial banking franchise is a core credit strength. Its capital markets exposure is primarily liquidity-driven and smaller than that of most global peers, supporting more stable earnings across economic cycles.
- In the first nine months of 2025, BNP reported revenue growth of 3.9% YoY and pre-tax profit of EUR 13.1bn, up 1.8%. The CET1 ratio stood at 12.5% in 3Q25, flat QoQ and above expectations, supported by solid internal capital generation and model updates.
- AUD-denominated AT1 supply in the market is limited, while BNP has extensive experience issuing AT1 instruments. This issuance is relatively new, with comparatively better liquidity.

Financials	2025Q1	2025Q2	2025Q3
Net Profit Margin (%)	22.77	25.90	24.22
Non-Performing Loan Ratio (%)	2.18	2.12	2.32
CET1 Ratio (%)	12.40	12.50	12.50



Source: Bloomberg, December 24, 2025. Note: The coupon reset date is June 2, 2031, with semiannual distributions. The applicable annual interest rate is based on the 5-year AUD swap yield, with the reset rate set at the bond yield on the settlement date plus 3.036%.





Appendix Key Economic Data / Events

▶ DEC 2025

Prev:3.33%)

(Act:3.35% Est:3.31%

22

Monday

• Taiwan Nov Unemployment Rate

Tuesday

- U.S. 3Q GDP QoQ Saar (Rev.) (Act:4.3% Est:3.3% Prev:3.8%)
- U.S. Oct Durable Goods MoM (Prel.) (Act:-2.2% Est:-1.5% Prev:0.7%)
- U.S. Nov Industrial Production MoM (Act: 0.2% Est: 0.1% Prev: -0.1%)
- U.S. Dec Conference Board Consumer Confidence (Act:89.1 Est:91.0 Prev:92.9)
- Taiwan Nov Export Orders YoY (Act:39.5% Est:32.0% Prev:25.1%)

24

Wednesday · U.S. Initial Jobless Claims

(Weekly) (Act:214k Est:224k Prev:224k)

25

Thursday

26

Friday

- Japan Dec Tokyo CPI YoY (Act: 2.0% Est: 2.3% Prev: 2.7%)
- Japan Nov Unemployment Rate (Act: 2.6% Est: 2.6% Prev: 2.6%)
- · Japan Nov Job-Offers-to-Applicants Ratio (Act:1.18 Est:1.18 Prev:1.18)
- Japan Nov Industrial Production MoM (Prel.) (Act:-2.6% Est:-2.0% Prev:1.5%)

▶ JAN 2026

29

Monday

30 Tuesday

Wednesday

- · U.S. Initial Jobless Claims (Weekly) (Prev:214k)
- China Dec Mfg. PMI (Est:49.3 Prev:49.2)
- China Dec Services PMI (Est:49.7 Prev:49.5)
- · China Dec S&P Global Mfg. PMI (Est:49.7 Prev:49.9)

Thursday

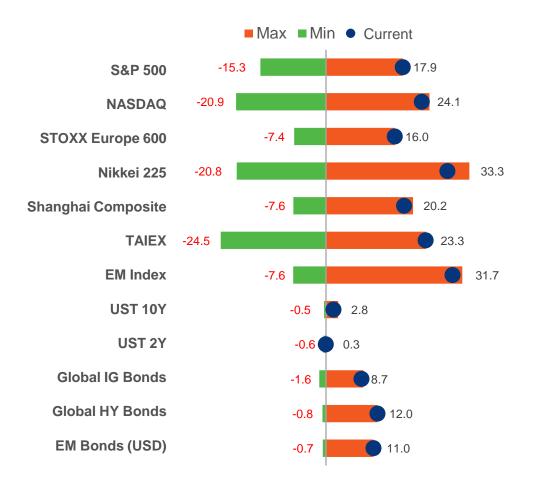
Friday

- U.S. Dec S&P Global Mfg. PMI Final (Est:51.8 Prev:52.2)
- Eurozone Dec Mfg. PMI Final (Est:49.2 Prev:49.6)

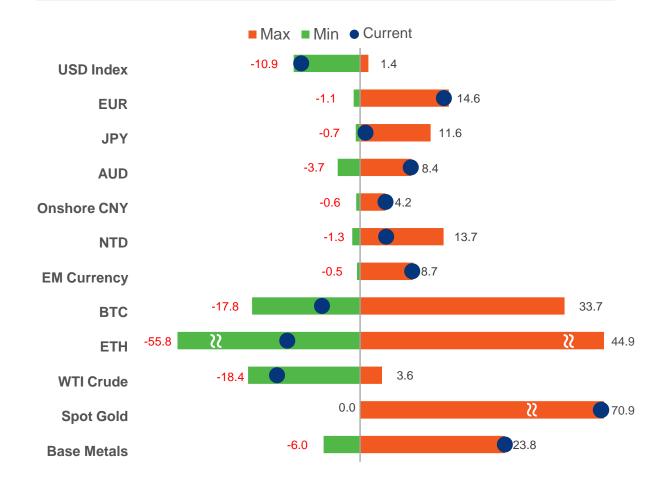


YTD Major Market / Asset Performance

Equities & Bond Markets YTD Performance (%)



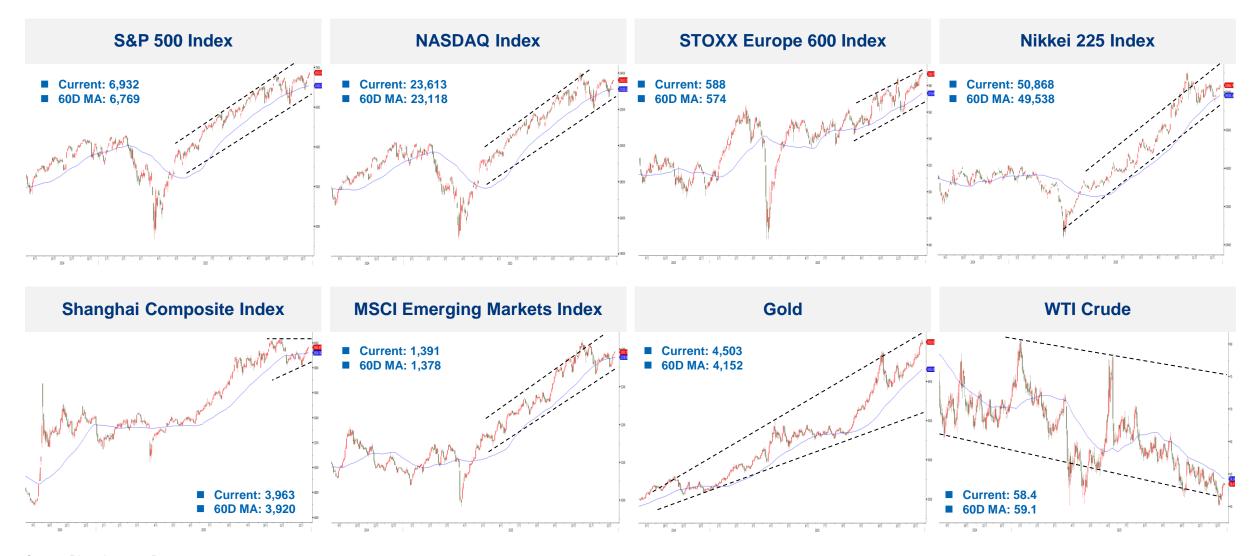
Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg, 26 Dec 2025



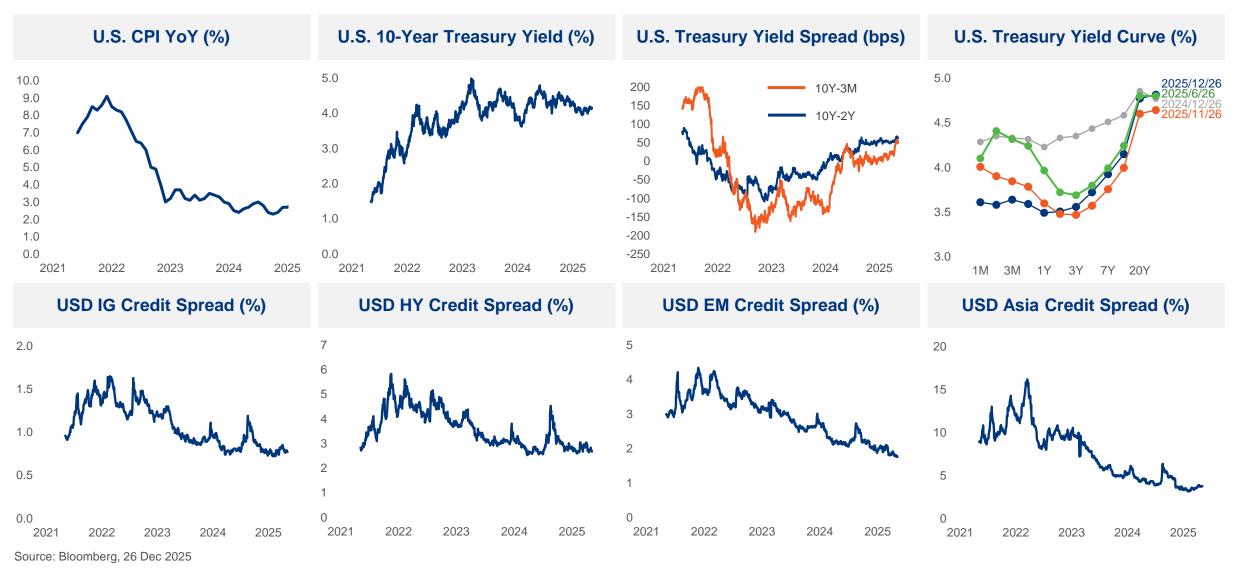
Technical Analysis



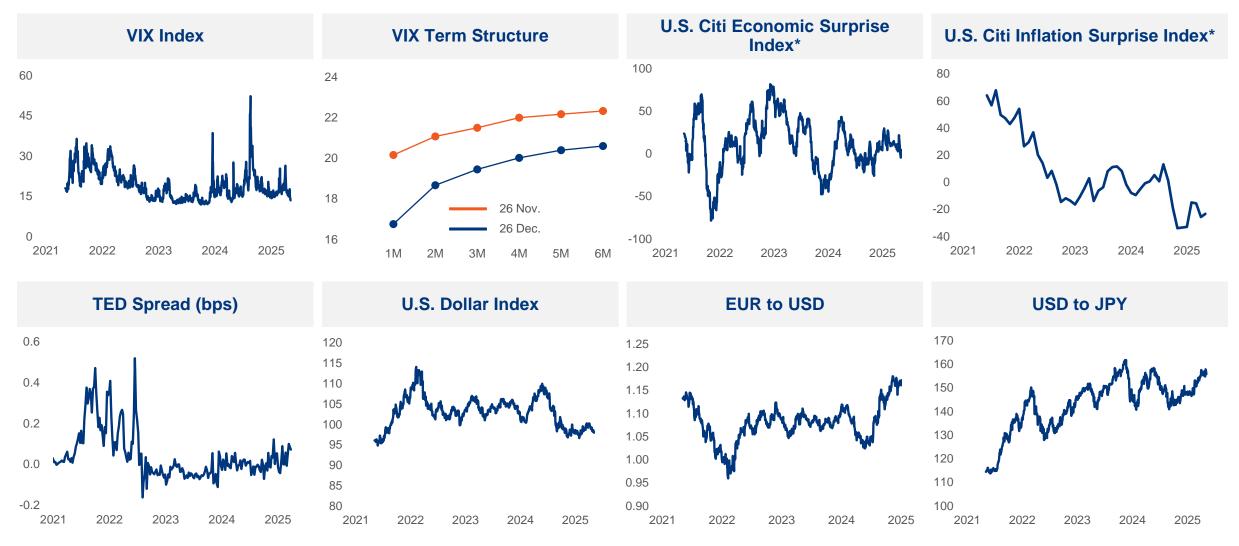
Source: Bloomberg, 26 Dec 2025



Market Monitor



Market Monitor



Source: Bloomberg, 26 Dec 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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