CIO Office

Global Markets Weekly Kickstart

Buy the Dip and Play It Safe

9 February 2026

01 Chart of the Week

Gold Volatility Elevated in the Short Term, but Structural Bull Trend Intact

02 Market Recap

Equity Markets Face Risk Repricing; QT Expectations Suppress Bond Demand

03 What's Trending

New Fed Chair Signals Dual Path of Rate Cuts and Balance-Sheet Reduction

04 In Focus

AI Boom Lifts Data-Center Demand as U.S. Manufacturing Strengthens Infrastructure

05 Product Spotlight

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

Chart of the Week

Gold Volatile in the Short Term, but Long-Term Bull Case Intact

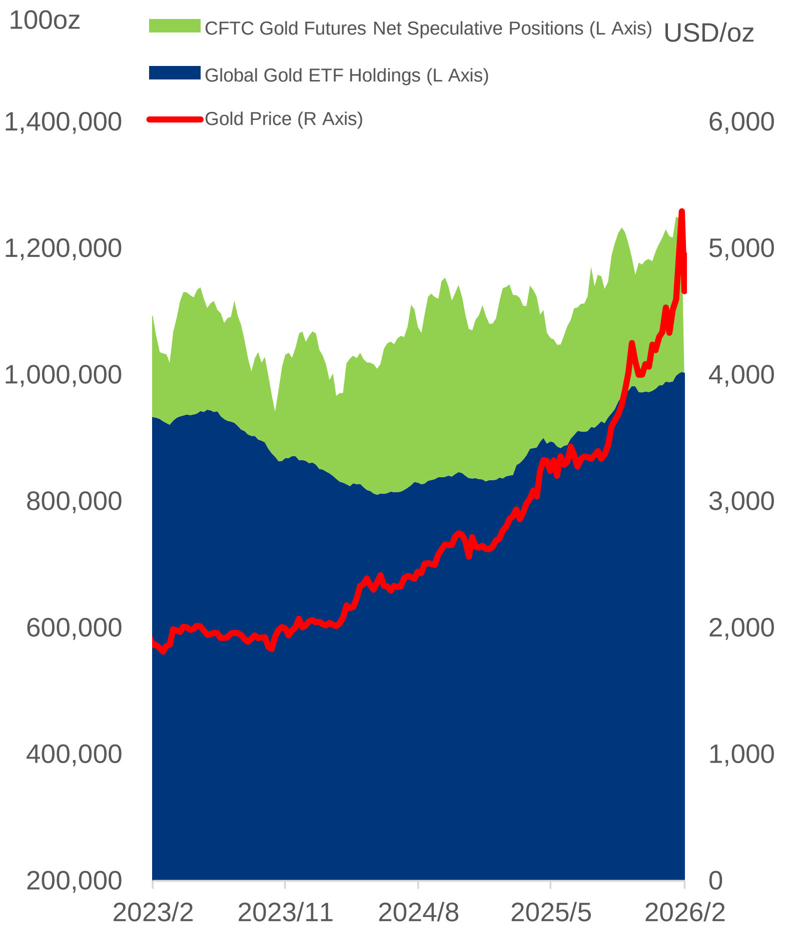
- Since January, the surge in call-option open interest in the precious metals futures market triggered a gamma squeeze, forcing market makers to buy spot gold. On January 30, U.S. President Trump nominated Kevin Warsh as the next Fed Chair, reducing policy uncertainty and prompting rapid call-option unwinding. This again forced market makers to sell spot gold to maintain delta neutrality.
- In addition, the COMEX initiated further deleveraging by raising gold futures margin requirements from 6% to 8% of contract value on January 30. As a result, gold fell 20% from its January 29 high of USD 5,600 to USD 4,500.
- From early last year to this year's peak, gold surged 106%, while silver rose 295%. In late January, speculative capital and FOMO sentiment drove excessive gains, resulting in profit-taking and a sharp pullback that brought prices back to more reasonable levels.
- Fundamentally, geopolitical tensions under Trump, major-power competition for strategic resources, and persistent market uncertainty continue to support gold's allocation value. Fed policy direction remains unclear, while global central banks are accelerating gold reserve purchases. The long-term fundamental story for gold remains unchanged.
- We maintain a constructive view on gold, with a 12-month target range of USD 5,700–6,000, and believe pullbacks present opportunities for gradual accumulation.

Source: World Gold Council, Bloomberg

Uncertainty Drives Strong Safe-Haven Demand, Supporting Gold's Fundamental Outlook

Global Gold Demand Categories	End-2024	End-2025	YoY(%)
Jewelry	2,026.6	1,638.0	-19▼
Jewelry Consumption	1,886.9	1,542.3	-18▼
Jewelry Inventory	139.6	95.7	-31▼
Tech	326.2	322.8	-1▼
Electronics	270.8	270.4	0▼
Other Industrial Demand	46.5	44.2	-5▼
Dentistry	8.9	8.2	-7▼
Investment	1,185.4	2,175.3	84▲
Bars & Coins Total	1,188.3	1,374.1	16▲
Bars	862.8	1,068.2	24▲
Official Coins	199.9	170.5	-15▼
Medals/ Imitation Coins	125.6	135.4	8▲
Gold ETFs & Related	-2.9	801.2	-
Central Banks	1,092.4	863.3	-21▼
Total Gold Demand	**4,630.6**	**4,999.4**	**8▲**
OTC Investments	331.3	2.9	-99▼
LBMA Gold Price (USD/oz)	2,386.2	3,431.5	44▲

Short-Term Gold Volatility Driven Mainly by Speculative Futures Positioning

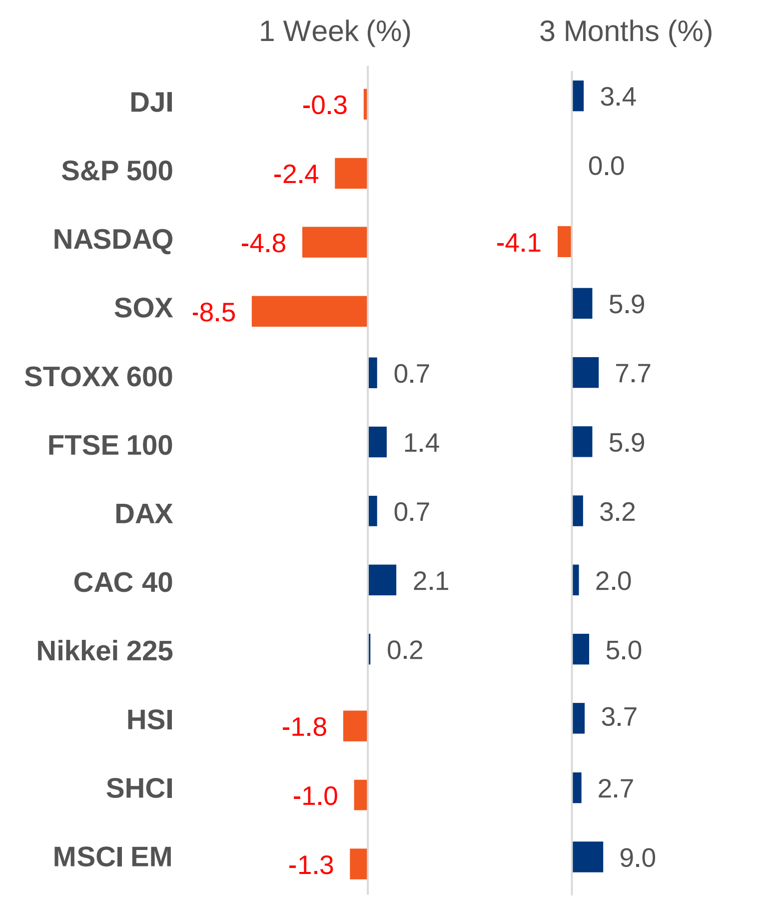


Market Recap

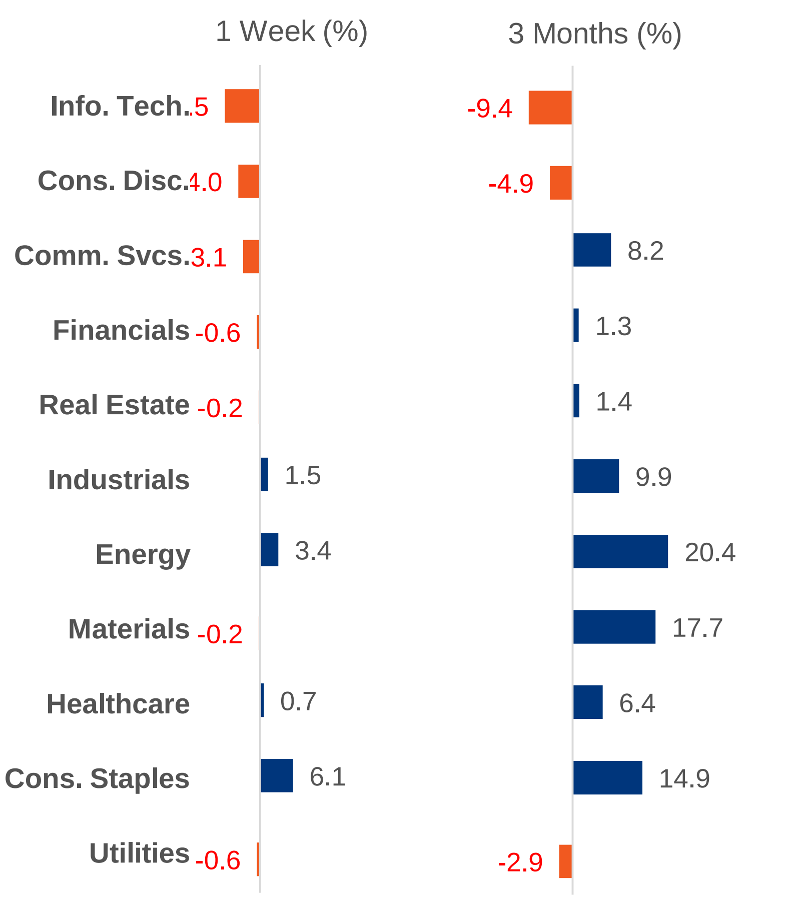
Tech Earnings Drive Massive AI Capex; High-Valuation Stocks Face Sharp Multiple Compression

- Following earnings announcements, major tech companies—Microsoft, Amazon, and Google—all indicated plans to further increase AI-related capital expenditures. Total AI spending by mega-cap tech firms is expected to exceed USD 500 billion this year.
- At the same time, Kevin Warsh, the newly nominated Federal Reserve Chair, is known for favoring both rate cuts and balance-sheet reduction. This combination implies higher discount rates for long-duration, high-valuation stocks, triggering a valuation reset. U.S. equities adjusted quickly, with all four major indices finishing sharply lower; the Philadelphia Semiconductor Index fell the most, down 8.5%.
- Asia and emerging markets—having rallied strongly as part of the global tech supply chain—also came under pressure amid weakness in U.S. tech stocks. In contrast, the European Central Bank kept rates unchanged, with inflation stabilizing and growth moderately recovering, allowing European equities to outperform.
- Across sectors, tech-heavy industries such as Information Technology, Consumer Discretionary, and Communication Services posted the largest declines. Information Technology fell 6.5% over the past week and nearly 10% over the past three months, marking a meaningful correction. Meanwhile, Energy outperformed, benefitting from the U.S. Congress' approval of a USD 49 billion budget allocation that shifts focus from clean energy toward traditional energy companies.

Regional Index Performance (%)



U.S. Sector Index Performance (%)

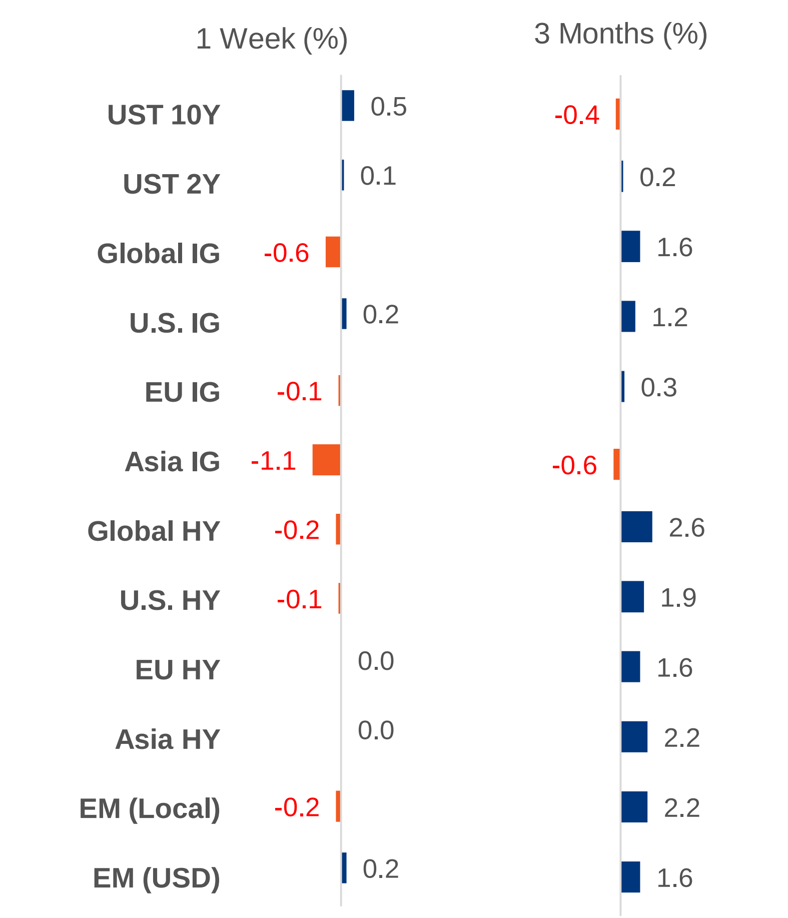


Source: Bloomberg

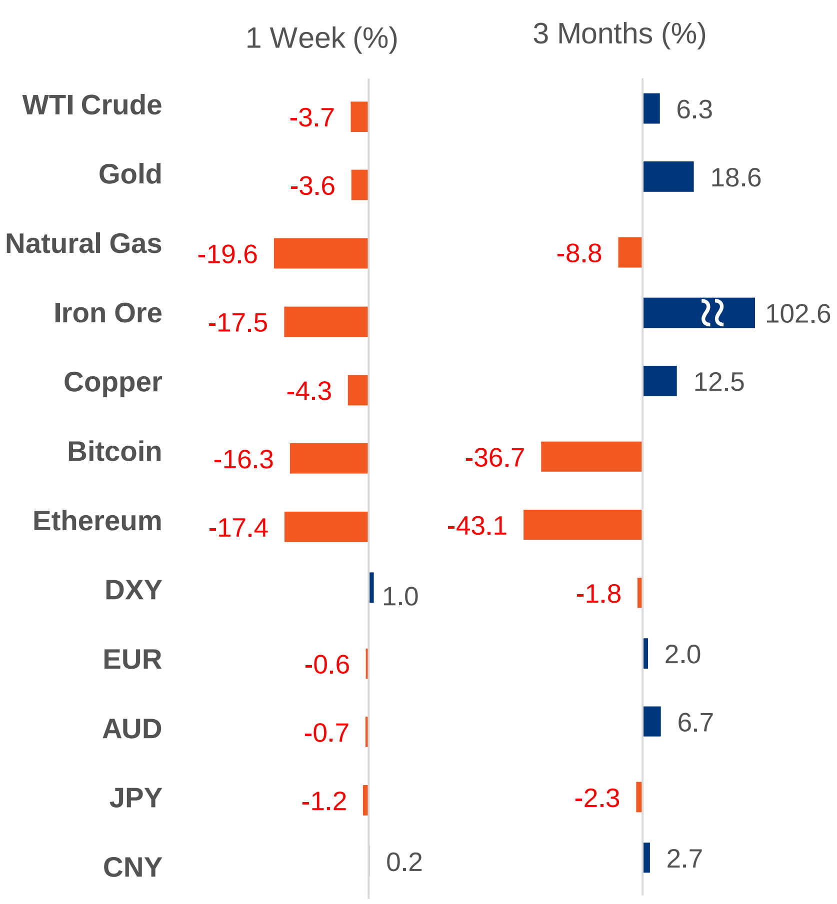
Risk-Off Sentiment Drives Flows Into U.S. Treasuries; Gold, Silver, and Crypto Suffer Heavy Declines

- U.S. labor data weakened, with initial jobless claims rising by 22,000 to 231,000, higher than market expectations. The clear cooling in the labor market intensified speculation that the Fed may deliver larger rate cuts this year. At the same time, market sentiment turned defensive. Elevated tech-sector capital expenditures further pushed investors toward safer assets, resulting in strong inflows into U.S. Treasuries—particularly the 10-year Treasury, which posted the largest rebound. However, its three-month performance remains negative, reflecting market expectations that the newly nominated Fed chair will promote a rate-cut-plus-quantitative-tightening path, steepening the yield curve.
- Investment-grade credit also fell amid the cautious tone, with Asia IG bonds down 1.1%, the weakest segment.
- Gold and silver prices declined sharply following the Fed chair nomination, as a stronger U.S. dollar—driven by anticipated rate cuts alongside balance-sheet reduction—added pressure. Silver experienced a severe collapse due to a Gamma squeeze in futures markets, while gold weakened but later saw dip-buying as long-term fundamentals remain intact.
- Crypto assets also sold off sharply as risk aversion increased. Altcoins plunged, and both Bitcoin and Ethereum suffered significant declines. Given the high volatility of digital assets, investors should carefully assess their own risk tolerance.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



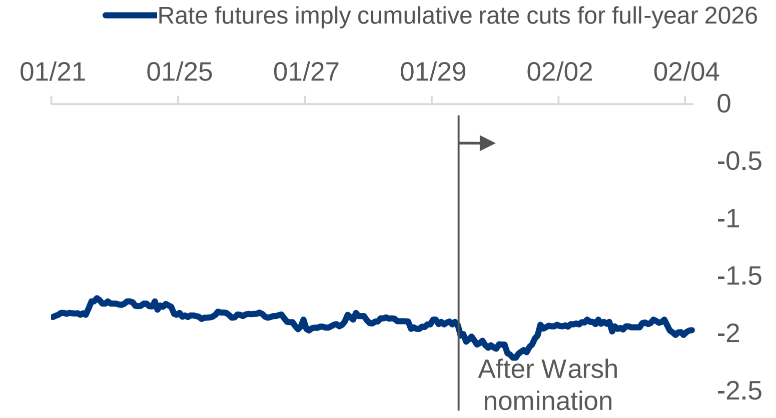
Source: Bloomberg

What's Trending

Fed Chair Nomination Announced; Rate Cuts and Balance-Sheet Reduction May Proceed in Tandem

- On January 30, President Trump nominated Kevin Warsh to succeed Chair Powell when his term ends in May. Although Warsh is often viewed as hawkish, such characterization may be incomplete. Based on his prior remarks, Warsh believes rate cuts and balance-sheet reduction can occur simultaneously, a stance that aligns with the Federal Reserve's policy trajectory over the past two years.
- Warsh has indicated that policy rates have room to move lower. With the U.S. government increasingly reliant on short-term funding—and net interest payments now accounting for 15% of total federal spending, returning to early-2000s levels—there is a natural incentive for policymakers to support lower rates. Following the nomination, the market continues to expect two rate cuts for the full year.
- On the balance-sheet front, although the Fed has been reducing assets over the past four years, its holdings of ultra-long Treasuries (>10 years) have actually increased, which has helped stabilize long-term yields. However, these holdings have now exceeded 35% of the Fed's Treasury portfolio. If Warsh adopts an approach similar to 2018—namely, halting incremental purchases of ultra-long Treasuries—long-end yields may face additional upward pressure, particularly as major technology companies boost bond issuance to finance elevated capital expenditures, competing for the same investment-grade capital pool.
- A dual policy path of rate cuts plus balance-sheet reduction is likely to further steepen the yield curve, with ultra-long yields facing stronger upward pressure. We maintain our view of favoring high-quality bonds with maturities of ten years or less.

After Warsh Nomination, Market Maintains Expectation of Two Rate Cuts in 2026

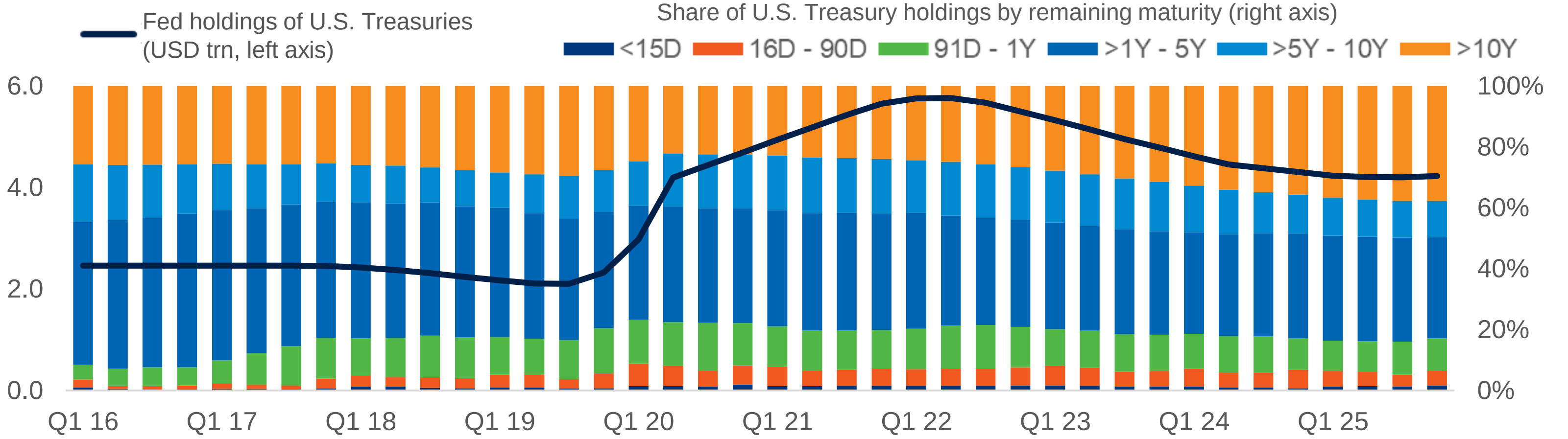


Rising Share of Ultra-Long Maturity Treasuries in Recent Years, Similar to 2018 Shift

Federal Reserve U.S. Treasury holdings by maturity, YoY (%)

	<15D	16D - 90D	91D - 1Y	>1Y - 5Y	>5Y - 10Y	>10Y	Overall
2025	102.8	-19.3	1.7	-5.8	-8.8	3.9	-1.9
2024	-46.9	7.9	-22.7	-8.6	-29.6	2.0	-10.1
2023	-29.0	-26.4	-21.9	-15.9	-17.9	2.8	-12.9
2022	3.2	2.0	2.6	-10.2	-7.2	8.4	-2.7
2021	-5.2	8.3	10.0	21.9	23.6	28.1	20.5
2020	411.3	158.6	88.3	98.9	157.0	64.6	101.3
2019	0.9	58.1	14.2	-7.9	21.8	3.5	3.9
2018	4.0	-9.1	-8.0	-11.9	-14.8	-0.7	-8.7
2017	49.6	158.3	123.7	-11.8	-22.3	-1.6	-0.4

Federal Reserve Balance Sheet Reduction Over the Past Three Years

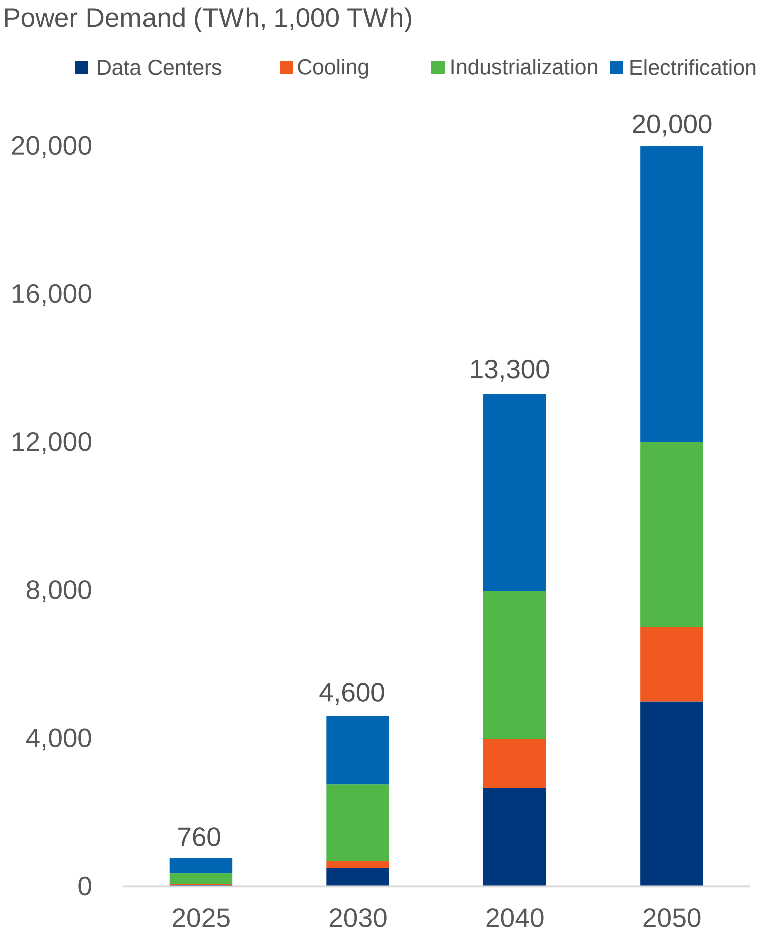


Source: BloombergNEF, McKinsey

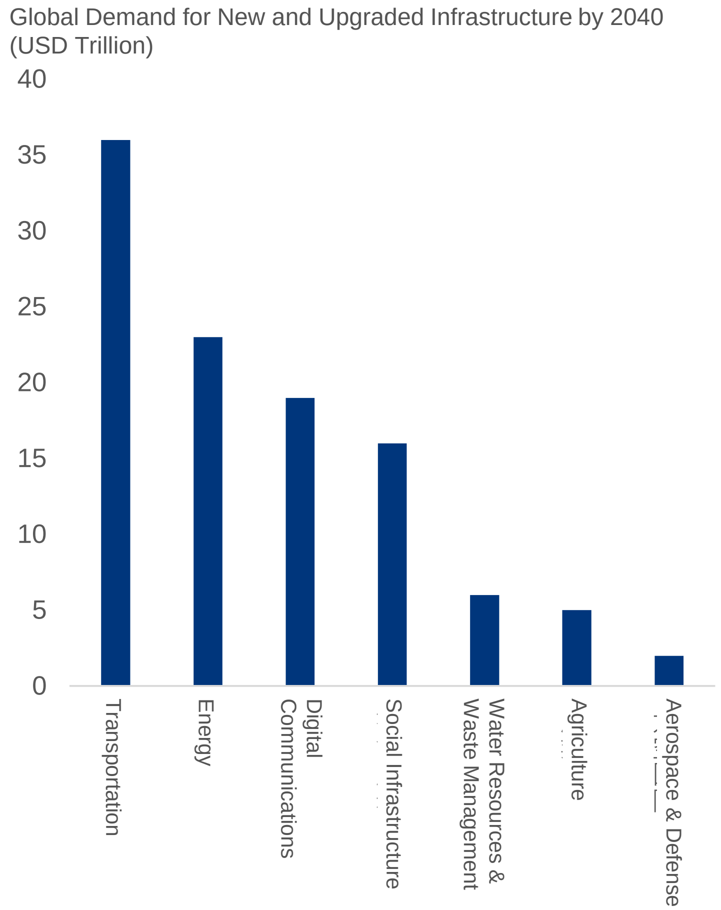
In Focus AI Growth Lifts Infrastructure Demand

- AI has expanded from chips and large language models into the construction and operation of physical infrastructure. In July 2025, President Trump announced a national strategy to secure U.S. leadership in AI, accelerating domestic AI infrastructure development and calling for streamlined approval processes for data centers exceeding 100MW, which is expected to speed up infrastructure supply. According to reports from the World Economic Forum and investment institutions, cumulative global investment in AI-supporting infrastructure had already reached several trillion U.S. dollars by early 2026. McKinsey estimates that by 2040, global spending on new and upgraded infrastructure could represent opportunities totaling up to USD 106 trillion.
- A critical component of this build-out centers on power grid design. Data center inference workloads generate significant heat and require advanced cooling, while power transmission and data connectivity also depend on stable electricity supply. Global electricity demand is projected to reach 20,000 terawatt-hours by 2050, with a compound annual growth rate of 13%. Data center power demand is expected to grow even faster, with a CAGR exceeding 17%, while electricity demand related to cooling and thermal management is projected to grow at a CAGR of 14%. These two factors are set to be the primary drivers of global electricity demand growth.

Global Power Demand to Grow at a 13% CAGR Through 2050



Global Spending on New and Upgraded Infrastructure to Reach USD 106 Trillion by 2040



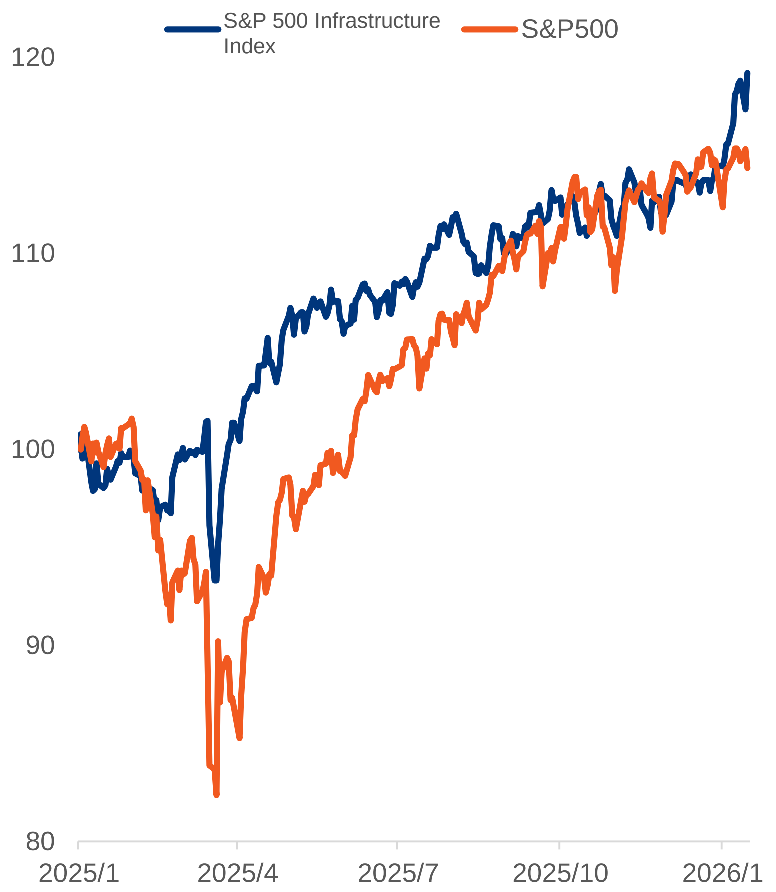
Source: Bloomberg

S&P 500 Infrastructure Supported by Policy, Resilient Performance with Valuations Below 5Y Average

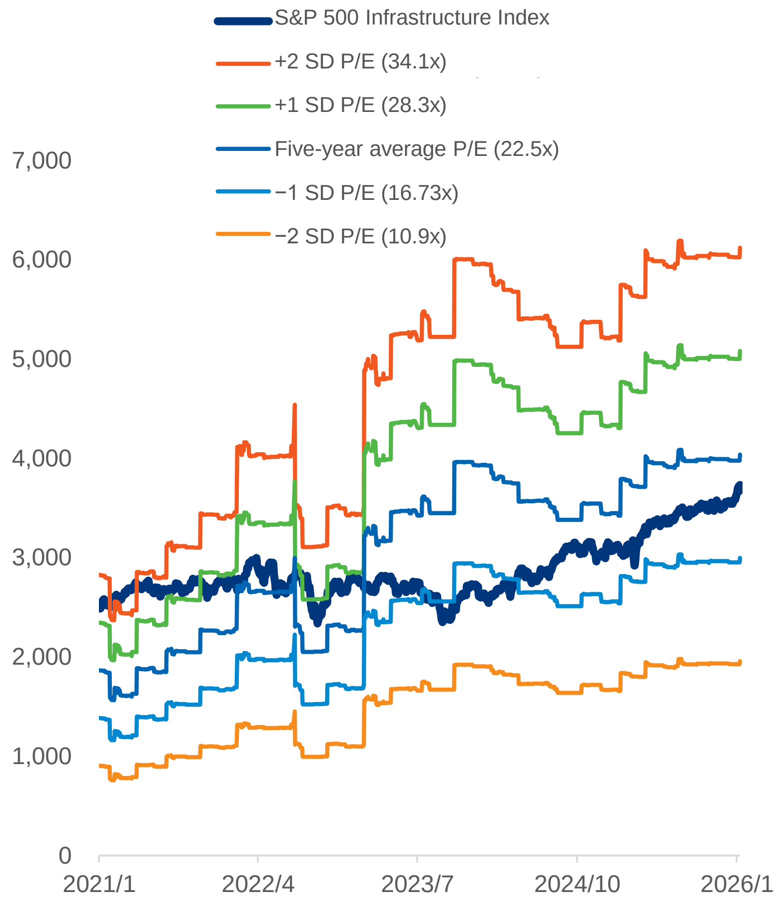
- President Trump's core policy agenda emphasizes domestic infrastructure investment, energy independence, manufacturing reshoring, and supply chain reconfiguration. To advance these goals, multiple executive actions have been introduced to ease certain regulations, while tariffs are used to enhance corporate investment incentives. Infrastructure spending led by AI-related projects is driving upgrades to power grids, transmission and distribution systems, and energy facilities. As much of this capital expenditure is executed through federal- and state-led government projects, contracts tend to be long-dated with stable funding sources, improving earnings visibility and profitability for companies and making the index more resilient than the broader market.
- Since January 2026, the S&P 500 Infrastructure Index has benefited from the implementation of the "One Big, Beautiful Bill" (OBBB). Congress has approved a USD 49 billion budget allocation to the Department of Energy to support grid strengthening and nuclear development, alongside the passage of the permitting reform "Speed Act," which streamlines environmental reviews and approval processes. As a result, multiple large-scale projects, including oil pipelines and high-voltage direct current transmission lines, have received permits.
- Valuation risk remains limited. The S&P 500 Infrastructure Index is currently trading at around 20.8x P/E, below its five-year historical average. With the index near 3,700 points, applying the long-term average P/E of 22.5x implies a level of approximately 4,040 points, suggesting more than 9% potential upside.

Infrastructure Outperforms the Broader Market Since Trump Took Office

Index performance since Trump took office, base 2025/1/20



本益比估值尚合理20.8x，低於5年平均的22.5x



Source: Bloomberg

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	◆ The U.S. president has announced Kevin Warsh as the new Federal Reserve Chair nominee. Markets are concerned about his inclination toward balance sheet reduction, adding to USD appreciation risk and market caution. In contrast, Europe and Japan are jointly maintaining an expansionary fiscal policy path, which is supportive for equity markets outside the U.S., particularly in Europe and Japan. ◆ European and Japanese equities can serve as diversification allocations. In Europe, preferred markets include Germany, which benefits from fiscal stimulus and a clear improvement in economic growth, and Spain, which has strong fundamentals and a high weighting in financial stocks. Sector preferences focus on financials with improving balance sheets and defense stocks supported by policy tailwinds. In Japan, key themes include domestic demand, banks, and semiconductors.	**Strategy:** Under the AI theme, core beneficiaries include technology, semiconductors, utilities, and machinery. Outside AI, we favor aerospace, defense, and value stocks. **Regions**: Germany, Spain, Japan banks, Japan semiconductors
Bonds	◆ With the announcement of the Fed Chair nominee, markets are concerned about a more hawkish policy stance, leading to a steeper yield curve. Corporate credit fundamentals remain sound; however, market volatility has driven a modest widening in credit spreads, more pronounced in high-yield bonds. We recommend locking in yields through investment-grade bonds with stable cash flows, focusing on government bonds and investment-grade credit. Preferred sectors are those with higher risk-adjusted spreads, including financials, utilities, and industrials. ◆ Given long-term concerns over USD depreciation, investors may increase exposure to non-USD bonds for diversification, such as EUR- and AUD-denominated investment-grade bonds. Improving fundamentals in emerging markets also make high-yield emerging market bonds suitable for yield capture.	**Duration:** Government bonds and high-quality investment-grade bonds for yield locking; preferred sectors include financials, industrials, and utilities. **Types:** Non-USD bonds for diversification
Forex	◆ The policy stance of the new Fed Chair nominee is less dovish than previously expected by the market. With limited room for ECB rate cuts and a weak but consolidating JPY, the USD has turned stronger in the near term. While the USD is supported in the short term, it is expected to trend weaker over the medium to long term. ◆ The ECB is nearing the end of its rate-cutting cycle, and rising German government bond yields support EUR strength. The U.S. Treasury's FX policy report has removed references calling for Bank of Japan rate hikes and JPY appreciation. However, concerns over Japan's fiscal outlook continue to steepen the JGB yield curve, keeping the JPY weak in the short term. That said, strong intervention signals from BOJ officials limit the scope for further sharp depreciation.	**USD:** Mild depreciation trend, with limited downside **JPY:** Short-term weakness with limited downside **EUR:** Range-bound with an upward bias
Commodity	◆ The speculative frenzy in precious metals has ended. From a fundamental perspective, geopolitical risks triggered by Trump, competition among major powers for critical resources, and persistent market uncertainty remain in place, supporting gold's role as a strategic allocation. Silver is more speculative in nature; the gold–silver ratio is expected to revert to its long-term mean, leading us to take a more conservative long-term view on silver.	**Gold**: Positive medium- to long-term outlook **Silver:** High volatility, higher speculative risk

Product Spotlight | HK Equities

Geopolitics Reshapes Global Commodity Pricing Power

► U.S.–China Rivalry Moves Into Core Supply Chains

The United States has launched the USD 12 billion "Project Vault," partnering with the private sector to build strategic reserves of critical minerals such as rare earths, lithium, and cobalt, aiming to break foreign control over key resources on national security grounds. At the same time, China's state reserves have accelerated the accumulation of strategic metals such as copper. This signals that U.S.–China competition has escalated from tariffs and trade disputes to a battle over control of foundational resources. Bilateral stockpiling marks resource sovereignty as a central lever in great-power rivalry.

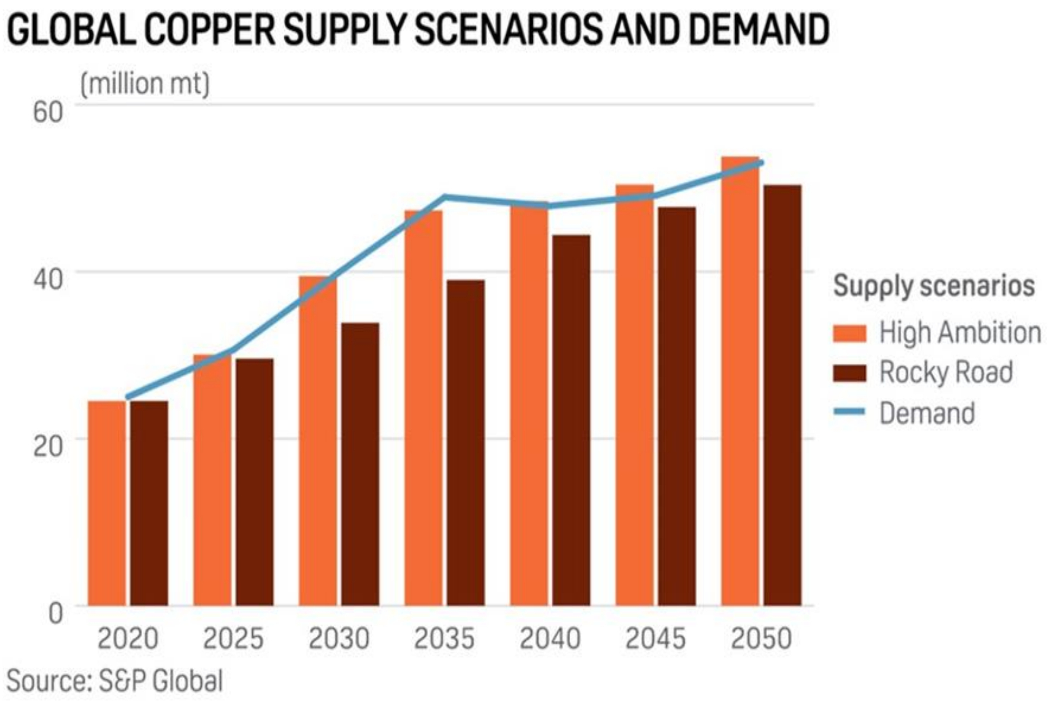
► From Capital Efficiency to Strategic Security Premium

Commodity pricing is undergoing a structural shift—from the capital-efficiency-driven "just-in-time" model to a geopolitics-driven "just-in-case" framework. As minerals are reclassified as national security assets rather than pure commodities, prices increasingly detach from traditional supply-demand balances and embed a pronounced "strategic premium." This price-insensitive, state-level demand provides long-term structural support for related assets.

► Geopolitics Reshapes Global Commodity Pricing Power

As geopolitics rewires global supply chains, commodity pricing power is shifting from market mechanisms toward strategic defense logic. With countries racing to build autonomous reserves, firms controlling physical resources and diversified supply routes are poised for valuation re-rating.

Global Copper Mid-Long Term Supply & Demand Scenarios



Source: Bloomberg

Zijin Mining (2899)

Closing Price HK $39.6 **Target Price** HK $48

The company is primarily engaged in the exploration, mining, beneficiation, smelting, and sales of copper, gold, and other mineral resources.

Shift From Supply Security to Marginal Demand Creation

China, the world's largest refined copper producer, is addressing the mismatch between expanding domestic smelting capacity and tight overseas mine supply. Policy discussions on including copper concentrate in national strategic and commercial reserves indicate a shift from price management toward supply-chain security and resilience.

Global Structural Shortage Driven by Stockpiling

Under a base-case assumption of 30 days of import coverage, China may stockpile around 125,000–200,000 tonnes of copper concentrate annually over the next 3–4 years. Although this represents only 1.6%–2.6% of annual imports, it is sufficient to offset the projected global surplus and create a structural shortage.

High Copper Exposure Drives Earnings

Zijin remains one of the most effective plays on rising copper prices due to its high operational exposure. As of the first three quarters of 2025, mined copper contributed about 46% of total gross profit, making it the core earnings driver.

Spin-Off Highlights Valuation Discount

After spinning off Zijin Gold International while retaining control, the remaining business trades at around 11x P/E, well below international (18x) and domestic (14x) peers. We reiterate a target price of HKD 48, implying 16.7x P/E and a 5% A–H share discount.

Source: Bloomberg

Financials

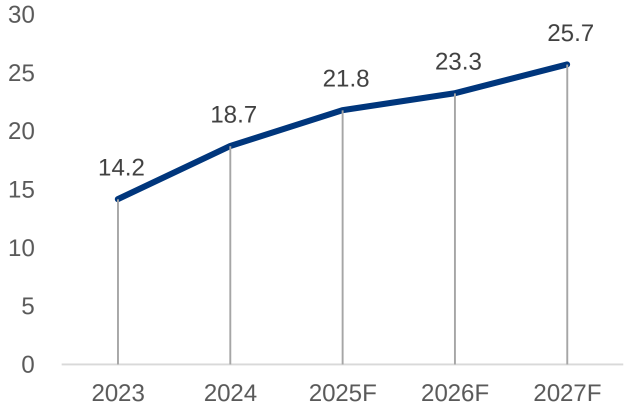
	2022	2023	2024	2025F	2026F
Revenue (CNY b)	12.4	13.3	12.9	12.4	12.5
Revenue YoY	-22.3	6.8	-2.9	-3.5	0.4
EPS (CNY)	2.03	1.98	2.02	2.05	2.14
EPS YoY	-5.7	-2.5	2.0	1.3	4.5
ROE(%)	-4.5	2.5	0.5	3.4	3.4

Forward P/E Ratio

Major Global Copper Miners

Company	Country	PE (x) (2026)
Codelco	Chile	-
BHP Group	Australia	14.4
Freeport-McMoRan	United States	24.2
Southern Copper	United States	29.6
Zijin Mining	China	11.1
Glencore	Switzerland	17.3
Rio Tinto	Australia	12.3
KGHM Polska Miedź	Poland	10.0
Anglo American	United Kingdom	27.4

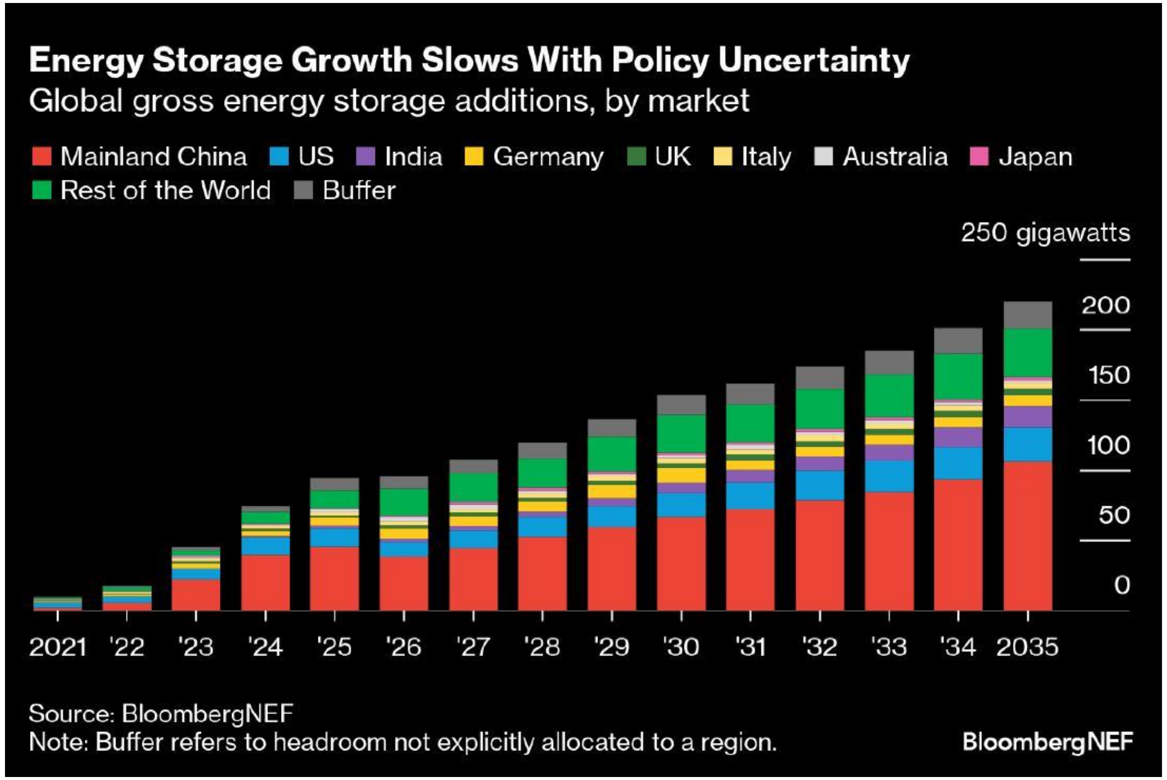
EBITDA Margin



US Equities Strong Power Infrastructure Demand Lifts Energy Storage Outlook

- The U.S. January ISM Manufacturing PMI rebounded to 52.6, up from 47.9 and above the market expectation of 48.5.
- The U.S. January ISM Services PMI held at 53.8, in line with the revised prior reading and above expectations of 53.5.
- U.S. January ADP employment rose by 22,000 jobs, below the revised prior 37,000 and market expectations of 45,000.
- The preliminary University of Michigan February consumer sentiment index came in at 57.3, up from 56.4 and above expectations of 55.0.
- Power supply is increasingly becoming a key bottleneck for artificial intelligence development. Over the coming years, global investment in power infrastructure is expected to remain strong, spanning grid upgrades, natural gas generation, nuclear power, and renewable energy projects. However, traditional large-scale power plants and nuclear facilities typically require many years from investment decision to commissioning, making it difficult to meet the rapid near-term electricity demand driven by AI data center expansion. Against this backdrop, the role of energy storage systems is becoming more critical. Storage helps smooth peak loads, enhance grid stability, and complement renewable energy, enabling faster deployment of new power supply. As data center operators and utilities place higher emphasis on power reliability, battery storage, long-duration energy storage, and hybrid power solutions combined with gas generation are expected to become key growth areas in power investment over the next few years.

Global Energy Storage Growth by Region (GW)



Source: Bloomberg

GE Vernova (GEV)

Closing Price US $779.35	**Target Price** US $800

The company designs, manufactures, and provides power systems and services used for electricity generation, transmission, coordination, conversion, and storage, serving customers globally.

AI Energy Backbone

GE Vernova serves as a critical pillar in the artificial intelligence revolution, leveraging its USD 150 billion order backlog and F-class gas turbines to meet surging 24/7 "always-on" power demand from data centers. By pairing hardware sales with high-margin, long-term service agreements, the company converts traditional equipment cycles into a stable, software-like recurring revenue stream.

Vertical Integration And Grid Coordination

The acquisition of Prolec GE for USD 5.275 billion enables GE Vernova to vertically integrate into the high-margin transformer market, securing key supply-chain bottlenecks required for global grid upgrades. This structural advantage is further reinforced by its strategic alliance with Xcel Energy and the GridOS platform, which locks in multi-gigawatt capacity and positions GE Vernova as a preferred partner for smart grid coordination.

FY2025 Q4 Results Beat Expectations And FY2026 Guidance Raised

In FY2025 fourth quarter, revenue reached USD 10.96 billion, up 3.8% year on year and USD 740 million above expectations. Earnings per share were USD 13.39, exceeding expectations by USD 10.26. During the quarter, the company delivered USD 22.2 billion in orders, lifting total backlog to USD 150 billion. GE Vernova raised FY2026 guidance to reflect the Prolec GE acquisition, with expected revenue increased from USD 41–42 billion to USD 44–45 billion, adjusted EBITDA margin projected at 11%–13%, and free cash flow guidance raised from USD 4.5–5.0 billion to USD 5.0–5.5 billion.

Valuation Consensus

Bloomberg 12-month average target price is USD 826.34, with a high of USD 1,087 and a low of USD 500.

Source: Bloomberg

1-Year Price

Financials

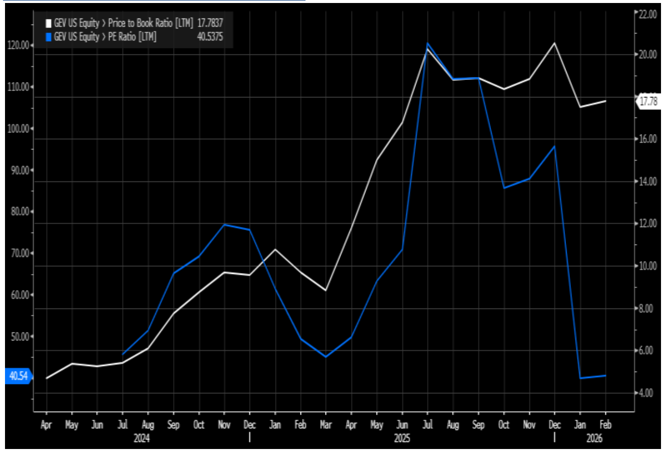
	2023	2024	2025	2026F	2027F
Revenue Growth(%)	12.1	5.1	9.0	15.3	14.0
EBITDA (%)	1.4	5.9	6.3	12.9	16.8
EPS(USD)	-0.35	6.79	18.19	14.05	21.52
Net Profit Margin(%)	-0.3	5.4	13.2	8.7	11.5

Source: Bloomberg; 2025/26F are market estimates

2026-2028 Guidance

GE Vernova	December 9th	Including Prolec GE
Revenue	$52B	$56B
Adj. EBITDA margin*	20%	20%
Power	22%	22%
Electrification	22%	22%
Wind	6%	6%
Cumulative '25-'28 FCF*	$22B+	$24B+

P/E & P/B



Fluence Energy (FLNC)

Closing Price US $19.44 **Target Price** US $30

The company offers energy storage products, services, and digital application suites, along with the AI-driven IQ platform that optimizes renewable energy and third-party storage assets. Fluence Energy serves customers globally.

More Than a Battery Supplier

Beyond battery manufacturing, Fluence leverages AI-driven platforms such as Mosaic and Nispera to enable high-margin energy arbitrage and deliver sub-second grid stability required by power-intensive AI data centers. This software-first strategy positions the company as a critical gatekeeper in energy infrastructure, supporting long-term recurring revenue and valuation premiums.

Market Leadership with Gridstack Pro

Fluence effectively capitalizes on the U.S. manufacturing strategy to capture growing demand from U.S. utilities and AI data centers. Gridstack Pro combines a 30% energy-density advantage with a domestic supply chain eligible for IRA tax credits, establishing a leading position in the U.S. market. The 1,200 MWh Pioneer project in Arizona serves as a flagship proof point, addressing land constraints for data centers and utilities while mitigating geopolitical risks in international supply chains.

FY2026 Q1 Results Mixed; Full-Year Positive Outlook Reaffirmed

In FY2026 Q1, revenue reached USD 475.2 million, up 154.4% year over year but USD 9.89 million below expectations. Net loss was USD 62.6 million versus USD 57.0 million a year earlier, with EPS of -USD 0.34 (worse than the expected -USD 0.13). During the quarter, the company secured over USD 750 million in orders, lifting backlog to approximately USD 5.5 billion as of December 31, 2025—an all-time high. Full-year guidance is reaffirmed: revenue of USD 3.2–3.6 billion, annual recurring revenue of about USD 180 million, and adjusted EBITDA of USD 40–60 million.

Valuation Consensus

Bloomberg 12-month average target price: USD 19.37; high: USD 30; low: USD 8.

Source: Bloomberg

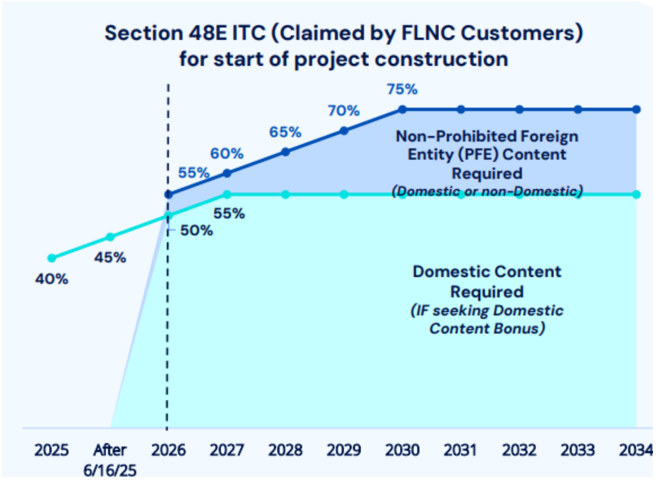
1-Year Price

Financials

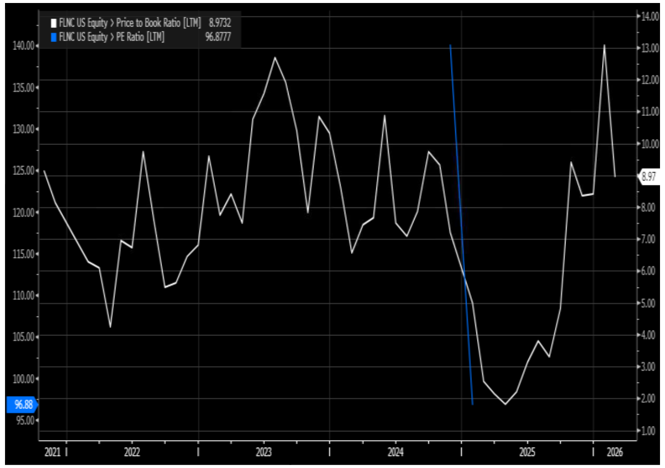
	2023	2024	2025	2026F	2027F
Revenue Growth(%)	85.0	21.7	-16.1	48.2	20.9
EBITDA (%)	-4.3	1.7	-0.5	1.5	3.1
EPS(USD)	-0.55	0.13	-0.37	-0.07	0.28
Net Profit Margin(%)	-2.9	0.9	-2.1	-0.4	1.1

Source: Bloomberg; 2025/26F are market estimates

Tax Credit Supply Compliance Timeline



P/E & P/B



TW Equities

Taiwan Equities Await Volume to Retest Highs; AI Drives Structural Upgrade in Test Interface

Taiwan Equities Await Volume To Retest Highs, Near-term Focus On Strong Earnings Names

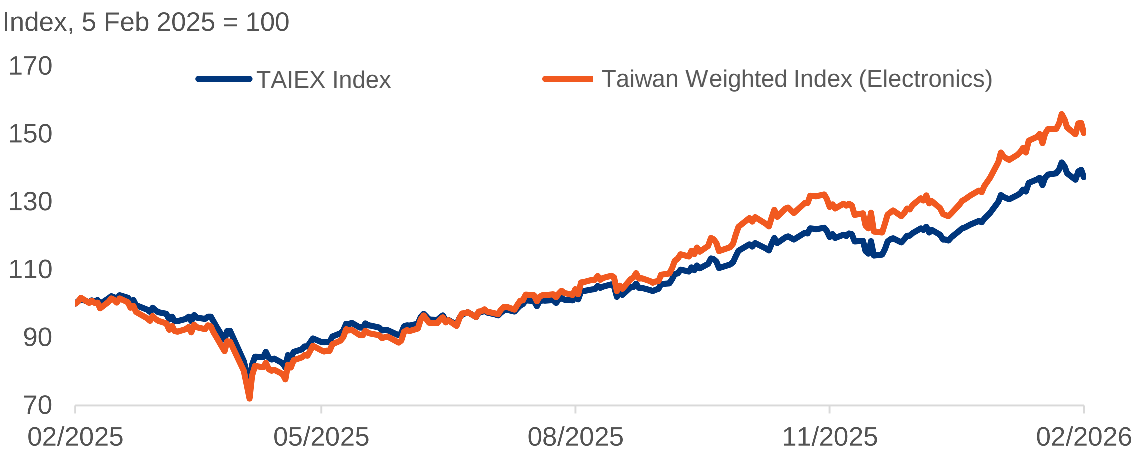
With the year-end trading pause approaching (Feb 11), market turnover has fallen noticeably. Once volume recovers and moving averages realign into a bullish formation, the index is likely to challenge historical highs again. Reviewing last week's market structure, traditional industries led the rebound and pushed the index back above all major moving averages. Select electronic sub-sectors—including low-earth-orbit satellites, GaAs, semiconductor test interfaces, IC substrates, optical communications, and server management chips—continued to advance steadily, preserving a bullish setup. As listed companies begin to release January revenue, near-term focus should be on stocks reporting better-than-expected growth.

AI Drives Structural Upgrade In The Test Interface Industry

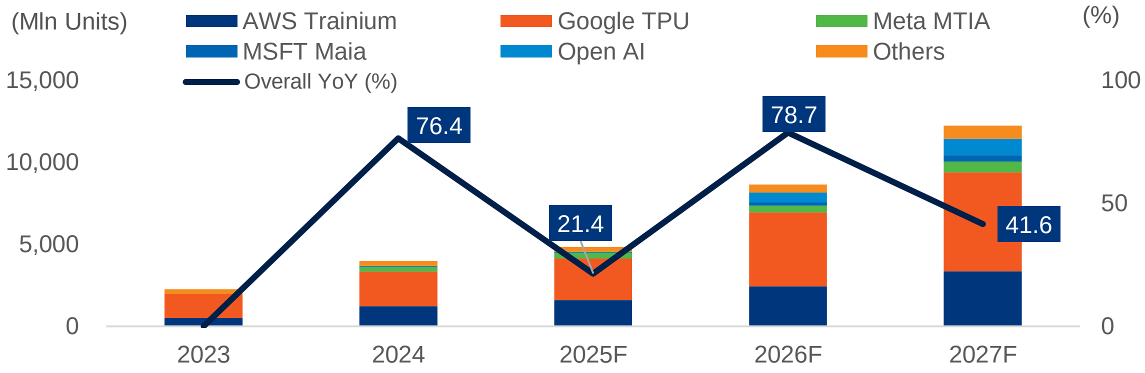
We believe the test interface industry has entered a "price-and-volume upcycle." Volume growth is driven by the proliferation of AI ASIC projects in 2026, while pricing benefits from rising chip complexity and higher pin counts. This is accelerating penetration of MEMS probe cards and high-performance test sockets, lifting ASPs and margins.

In terms of competition, WinWay dominates CSP ASIC orders and is well positioned to enter the GPU supply chain amid TSMC's trend toward CP outsourcing. Meanwhile, WinWay, ProbeMaster, and Chunghwa Precision are actively optimizing product mix and expanding their ASIC footprint. With strong demand visibility, capacity has become the key revenue constraint. All three players have launched aggressive expansion plans: we estimate WinWay's vertical probe card monthly capacity could exceed 4 million pins by end-2026 (vs. an early-year target of 3.2 million), ProbeMaster aims to double test socket probe capacity to 7 million pins, and Chunghwa Precision has urgently leased additional facilities. This points to tight supply conditions and a high-growth phase for the industry.

TAIEX Index and Taiwan Electronics Sector Trends



Optical Transceiver Module Shipments



Source: Bloomberg

KGI

MPI Corp (6223 TT)

MPI provides probe cards, optoelectronic automation, advanced semiconductor testing, and thermal solutions. Its probe card offerings include CPC, VPC, and MEMS products.

Key Features

CPO Shipments In 2H26 To Lift Margins

We estimate 2026 revenue to grow 42% YoY to TWD 18.5bn, driven by exclusive U.S. AI ASIC projects and CPO equipment shipments in 2H26. Higher-ASP MEMS probe cards (20–25% premium) are expected to raise their revenue mix from 10% to 25%, lifting gross margin to 59%. Net profit is projected to grow 86.5% to TWD 5.85bn, with EPS of TWD 62.08.

ASIC Probe Card Leader With Capacity Expansion

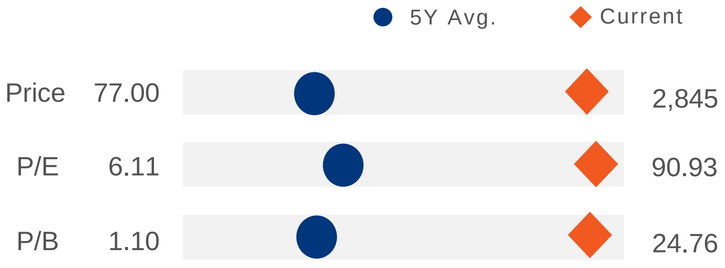
MPI continues aggressive capacity expansion, with VPC/MEMS capacity expected to exceed 4m pins per month by end-2026. Supported by next-generation AI ASIC demand, 2027 revenue is projected to grow 17.4% to TWD 21.7bn, with EPS rising to TWD 76.87.

Financials

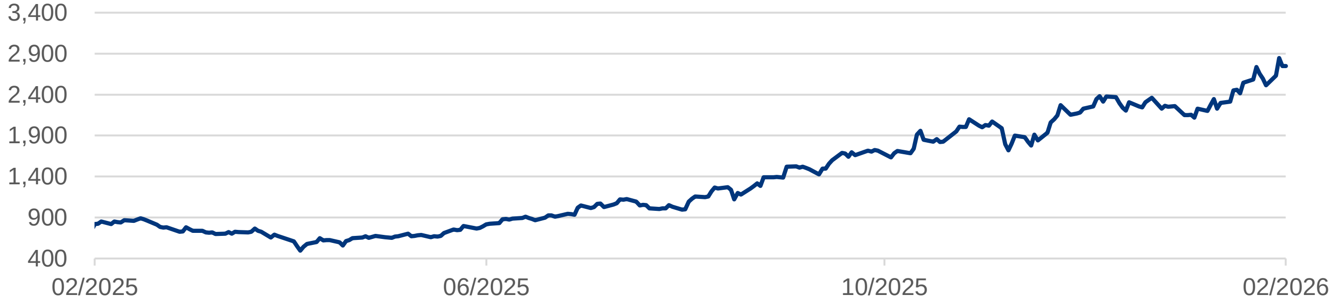
	2023	2024	2025F	2026F	2027F
EPS (NTD)	13.92	24.42	32.98	62.08	76.87
EPS Growth (%)	8.0	75.4	35.0	88.3	23.8
P/E Ratio	137.2	78.2	57.9	30.8	24.8
ROE (%)	18.1	27.2	33.7	57.7	49.1

Source: Company data, estimates of KGI analyst

Valuations

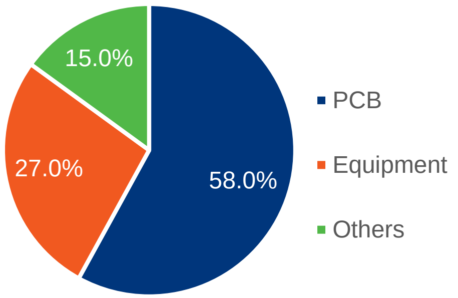


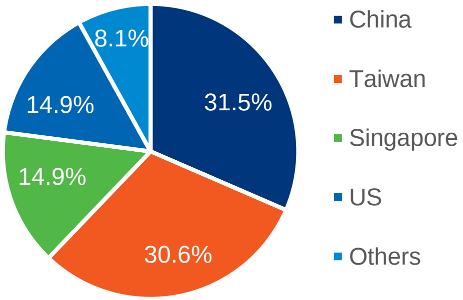
1-Year Price



As of 5 Feb 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	5.97	27.91	35.47	175.55	22.22	235.37

Revenue Sources and Regions





Source: Bloomberg

WinWay Technology Co Ltd (6515 TT)

WinWay is a Taiwan-based semiconductor test interface provider covering CP, SLT, FT, and burn-in testing. The company supplies leading global IC designers, foundries, and OSATs. Its core products are test sockets and wafer probe cards, with test sockets as its main revenue driver.

Key Features

Successful SLT Entry Upgrades Earnings Outlook

We raised our 2026–2027 earnings forecasts after WinWay entered the AI GPU SLT test socket supply chain, with volume ramp expected from 1H26. The SLT market is estimated to be 4–5x the size of the FT market, offering significant revenue and profit upside.

Multiple Growth Drivers In 2026–2027

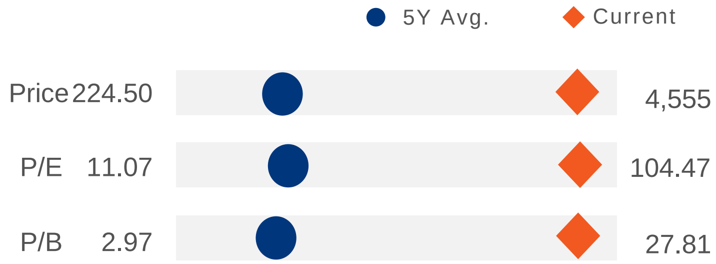
Beyond AI GPUs, growth is supported by strong demand from server CPU and ASIC customers, with ASICs expected to become the second-largest revenue contributor (~20%). Probe card demand remains solid across CPU, gaming GPU, and networking ICs, while expanded MEMS procurement is set to improve probe card margins.

Financials

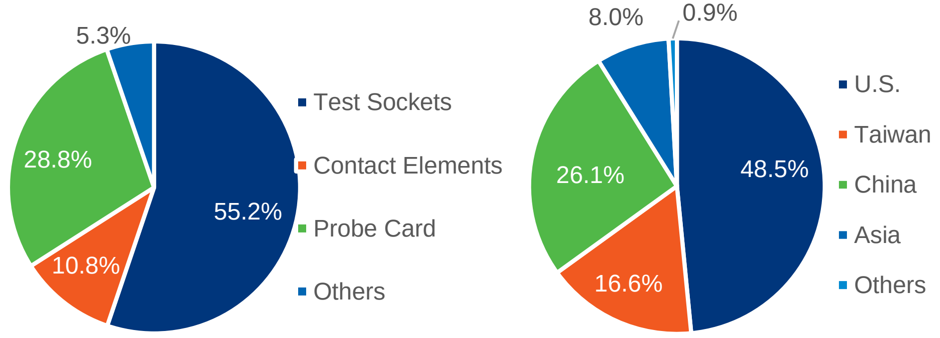
	2023	2024	2025	2026F	2027F
EPS (NTD)	13.52	34.31	47.00	91.32	133.10
EPS Growth (%)	-58.0	153.7	37.0	94.3	45.7
P/E Ratio	336.8	132.8	96.9	49.9	34.2
ROE (%)	12.9	26.3	31.4	58.8	57.1

Source: Company data, estimates of KGI analyst

Valuations



Revenue Sources and Regions



Source: Bloomberg

1-Year Price

As of 5 Feb 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	13.46	44.61	83.23	309.72	55.81	262.70

Mutual Funds/ ETFs

AI-Driven Data Center Demand Strengthens U.S. Infrastructure Buildout

► Defiance AI & Power Infrastructure ETF (AIPO)

- The ETF aims to track the performance of the MarketVector US Listed AI and Power Infrastructure Index.
- Index constituents are required to generate at least 50% of revenue from AI hardware, data centers, power infrastructure, or related segments.
- Holdings span multiple industries, including energy generation (such as nuclear), power equipment, engineering & construction, data center operators, and AI semiconductor hardware.

Product	Defiance AI & Power Infrastructure ETF (AIPO)	
Features	■ Holdings span multiple industries, including energy generation (such as nuclear), power equipment, engineering & construction, data center operators, and AI semiconductor hardware.	
AUM	USD 164 M	
Tracking Index	MarketVector US Listed AI and Power Infrastructure Index	
Exchange	NASDAQ	
Holdings	59	
Expense Ratio	0.69%	
3M/YTD Return	-3.27% / 8.00%	
Sectors (%)	Heavy Machinery Electronics Semiconductors Electronic Equipment Mining	21.71 14.57 13.00 10.85 9.65
Holdings (%)	GE Vernova Inc. Quanta Services, Inc. Eaton Corporation plc Vertiv Holdings Co Cameco Corporation	8.21 8.05 7.81 6.58 6.31

Source: Bloomberg

Defiance AI & Power Infrastructure ETF (AIPO)

Profile

The ETF tracks the MarketVector US Listed AI and Power Infrastructure Index, aiming to replicate the performance of its constituent stocks.

■ AI + Power Infrastructure Dual Theme

The index focuses on companies generating at least 50% of revenue from AI hardware, data centers, power infrastructure, or related industries. It is designed to capture growth driven by AI adoption and modern energy systems.

■ Scarce "Energy" Exposure

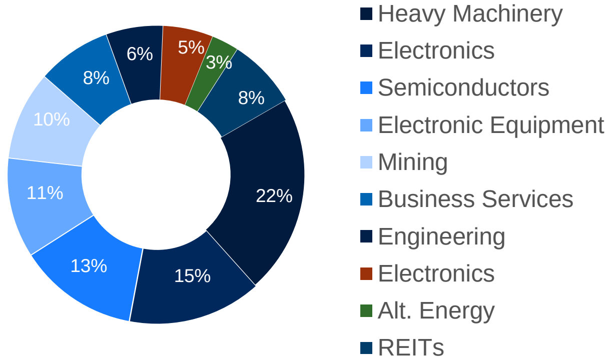
The AI boom is driving strong global demand for data center power, GPU power supply, grid upgrades, nuclear energy, and battery storage. This ETF targets the most scarce segment of the AI supply chain—energy—offering long-term structural demand exposure.

■ Selective Holdings

The portfolio holds around 59 stocks. No single holding exceeds 10% of the portfolio, and the top 10 holdings account for approximately 52% of total assets.

Inception	2025/7/24	**AUM**	USD 164 mln
ETF Category	Equities	**Holdings**	59
Expense Ratio	0.69%	**3Y SD (Ann.)**	-

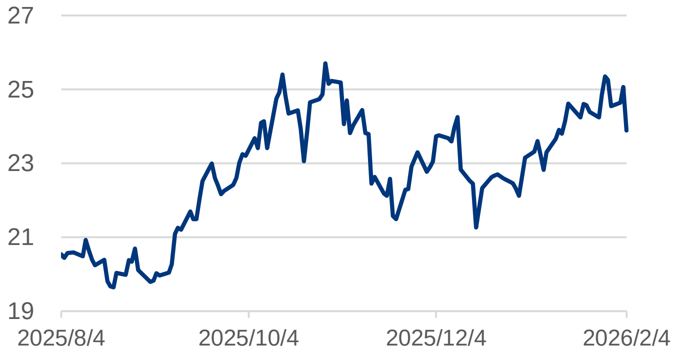
Sectors



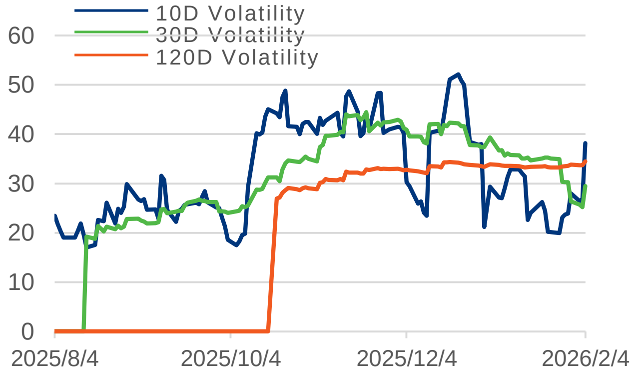
Top-5 Holdings (%)

GE Vernova Inc.	8.21
Quanta Services, Inc.	8.05
Eaton Corporation plc	7.81
Vertiv Holdings Co	6.58
Cameco Corporation	6.31

Price Trend (Past 1 Year)



Volatility (Past 1 Year)



As of 4 Feb 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	2.44	-3.27	8.00	-	-	-

Source: Bloomberg

Bonds Morgan Stanley – Strong Performance Last Year, Capital Ratios Above Peers

► **MS 4.493 01/16/32 (Morgan Stanley) (USD)**

► **MS 3.383 01/23/32 (Morgan Stanley) (EUR)**

- Morgan Stanley's business model allows it to navigate a wide range of economic environments effectively. Growth in its wealth management and investment management segments helps reduce overall risk and diversify revenue. While these businesses may face some headwinds under future economic conditions, their geographically diversified footprint supports the generation of stable and recurring income.
- The group delivered a strong performance in the first nine months of 2025, with net profit rising nearly 30% year over year. Return on tangible common equity (ROTCE) reached 23.5%, exceeding its 20.0% target (21.8% at end-2025) and up significantly from 17.5% a year earlier. The wealth management division achieved a pre-tax margin of 29%, close to its 30% target, supported by higher client activity, particularly in equity-related products. Total client assets now exceed USD 10 trillion.
- Morgan Stanley maintains a solid balance sheet, with a Common Equity Tier 1 (CET1) capital ratio of 15.0% at end-2025, continuing to rank above industry peers.

Product	MS 4.493 01/16/32 (Morgan Stanley) (USD)	MS 3.383 01/23/32 (摩根士丹利) (歐元計價)
ISIN	US61748UAS15	XS3281048499
Features	Morgan Stanley's business model allows it to navigate a wide range of economic environments effectively. Growth in its wealth management and investment management segments helps reduce overall risk and diversify revenue.	
Maturity Date	2032/1/16	2032/1/23
Next Call Date	2031/1/16	2031/1/23
Coupon (%)	Float/4.493/Semi-annual	Float/3.383/Annual
Currency	USD	EUR
Years to Maturity	5.95	5.97
Credit Rating (Moody's/ Fitch/S&P)	A1/A+/A-	A1/A+/A-
Seniority	Senior Unsecured	Senior Unsecured
YTM/YTC (%)	4.42/4.38	3.09/3.11

Source: Bloomberg

MS 4.493 01/16/32 (Morgan Stanley) (USD)

The group provides comprehensive financial services—including commercial banking, trust banking, and securities—while also offering leasing, credit card, and consumer finance services through its subsidiaries. In recent years, MUFG has actively expanded into growth areas such as digital services, enhancing resilience amid a shifting business environment. Supported by its massive customer base and dominant position as Japan's largest banking group, these advantages are expected to remain intact.

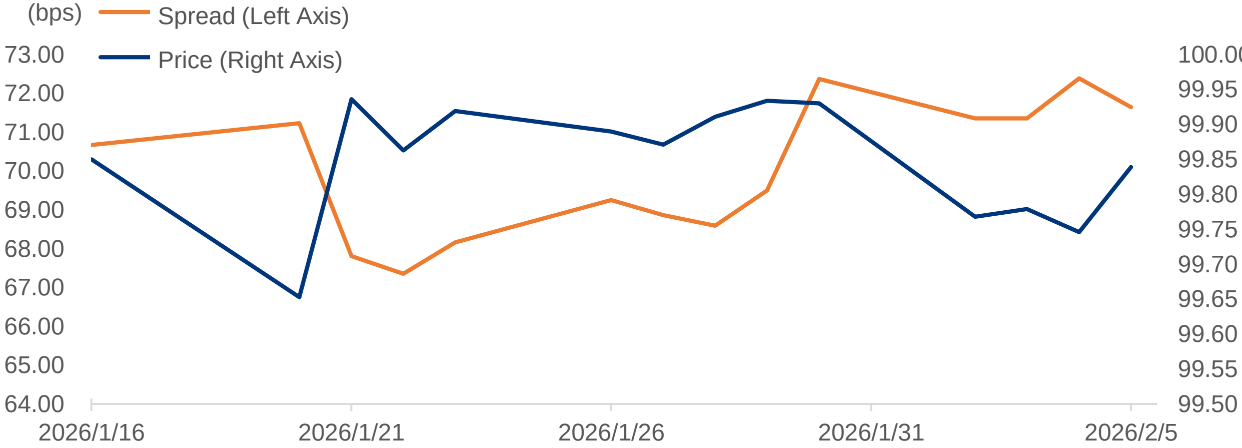
- Its extensive nationwide retail branch network provides a stable and low-cost funding base. With highly diversified personal deposits and corporate deposits anchored by long-term client relationships, MUFG enjoys solid liquidity protection. As of September 30, 2025, its loan-to-deposit ratio remained low at 55%.
- In FY2026 Q2 (ending September 30, 2025), net interest income rose 9% YoY (+¥63.9B), fee income grew 17% YoY (+¥82.9B), and net trading and other non-interest income increased 28% YoY. Although sales and trading revenue in the markets division declined 7% YoY, strong growth across other business segments more than offset the weakness, resulting in overall revenue expansion.
- Given the Japanese government's strong support for major private banks and MUFG's status as a systemically important institution within Japan's financial system, the group is considered highly likely to receive exceptional government support should the need arise.

Financials	2025Q2	2025Q3	2025Q4
Tangible ROE (%)	18.20	23.50	21.80
Common Equity Tier 1 Ratio	15.00	15.10	15.00
Pre-Tax Income Margin (%)	27.53	33.08	32.20

Overview

Name	MS 4.493 01/16/32	ISIN	US61748UAS15
Maturity Date	2032/1/16	Remaining Maturity	5.95
Coupon(%)	Float/4.493/Semi-annual	YTM/YTC(%)	4.42/4.38
Currency	USD	Min. Subscription/ Increment	1,000/1,000
Ratings (Moody's/Fitch/S&P)	A1/A+/A-	Seniority	Senior Unsecured

Price (New Issued Bond)



Source: Bloomberg

MS 3.383 01/23/32 (Morgan Stanley) (EUR)

The group provides comprehensive financial services—including commercial banking, trust banking, and securities—while also offering leasing, credit card, and consumer finance services through its subsidiaries. In recent years, MUFG has actively expanded into growth areas such as digital services, enhancing resilience amid a shifting business environment. Supported by its massive customer base and dominant position as Japan's largest banking group, these advantages are expected to remain intact.

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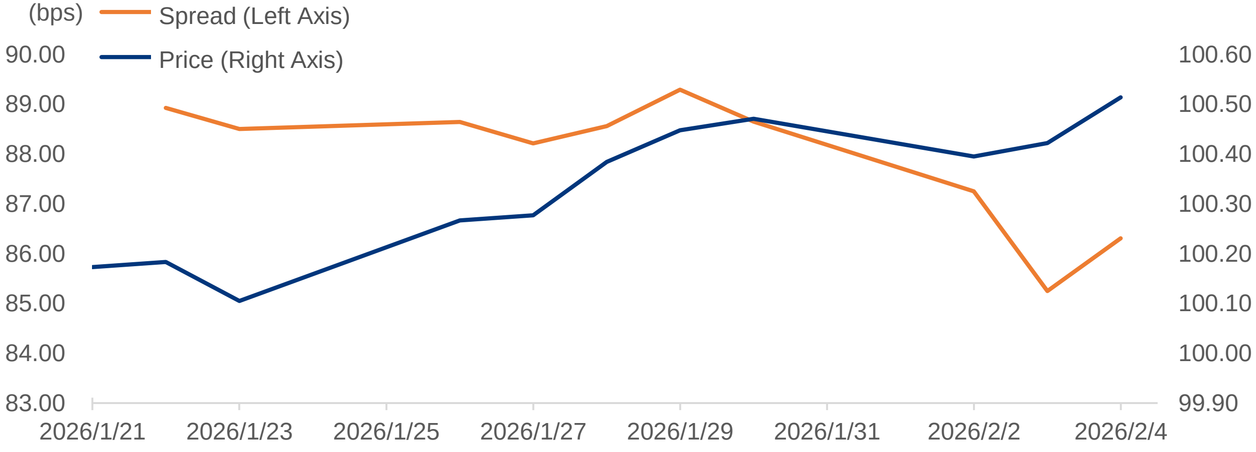
Pre-Tax Income Margin (%)	27.53	33.08	32.20

Overview

Name	MS 3.383 01/23/32	ISIN	XS3281048499
Maturity Date	2032/1/23	Remaining Maturity	5.97
Coupon(%)	Float/3.383/Yearly	YTM/YTC(%)	3.09/3.11
Currency	EUR	Min. Subscription/ Increment	100,000/1,000
Ratings (Moody's/Fitch/S&P)	A1/A+/A-	Seniority	Senior Unsecured

Price (New Issued Bond)



Source: Bloomberg

Appendix Key Economic Data / Events

FEB 2026

2 Monday
- U.S. Jan S&P Global Mfg PMI (Act:52.4 Est:52.0 Prev:51.8%)
- U.S. Jan ISM Mfg PMI (Act:52.6 Est:48.5 Prev:47.9)
- Japan Jan S&P Global Mfg PMI (Act:51.5 Prev:50.0)
- Eurozone Jan HCOB Mfg PMI (Act:49.5 Est:49.4 Prev:48.8)
- China Jan S&P Global Mfg PMI (Act:50.3 Est:50.0 Prev:50.1)

3 Tuesday

4 Wednesday
- U.S. Jan ADP Employment Change (Act:22k Est:45k Prev:37k)
- U.S. Jan ISM Services PMI (Act:53.8 Est:53.5 Prev:53.8)
- Eurozone Jan CPI YoY (Prelim) (Act:1.7% Est:1.7% Prev:2.0%)

5 Thursday
- U.S. Weekly Initial Jobless Claims (Act:231k Est: 212k Prev:209k)
- U.S. Dec JOLTS Job Openings (Act:6,542k Est:7,250k Prev:6,928k)
- Eurozone Feb ECB Main Refinancing Rate (Act:2.15% Est:2.15% Prev:2.15%)
- U.K. Feb BoE Bank Rate (Act:3.75% Est:3.75% Prev:3.75%)

7 Friday
- U.S. Feb Univ. of Michigan Consumer Sentiment (Prelim) (Est:55.0 Prev:56.4)

9 Monday
- Eurozone Feb Sentix Investor Confidence (Prev:-1.8)
- Taiwan Jan Exports YoY (Est:56.3% Prev:43.4%)

10 Tuesday
- U.S. Dec Retail Sales MoM (Est:0.4% Prev:0.6%)
- Japan Jan Machine Tool Orders YoY (Prelim) (Prev:10.9%)
- MCD, SPGI Earnings

11 Wednesday
- U.S. Jan Nonfarm Payrolls (Est:70k Prev:50k)
- U.S. Jan Unemployment Rate (Est:4.4% Prev:4.4%)
- China Jan CPI YoY (Est:0.3% Prev:0.8%)
- KO, GILD, WELL, TMUS Earnings

12 Thursday
- U.S. Weekly Initial Jobless Claims (Prev:231k)
- U.S. Jan Existing Home Sales (Est:4.21m Prev:4.35m)
- APP, CSCO, AMAT Earnings

13 Friday
- U.S. Jan CPI YoY (Est:2.5% Prev:2.7%)
- U.S. Jan Core CPI YoY (Est:2.5% Prev:2.6%)
- Eurozone Q4 GDP YoY (Revised) (Prev:1.4%)
- PANW Earnings

Source: Bloomberg

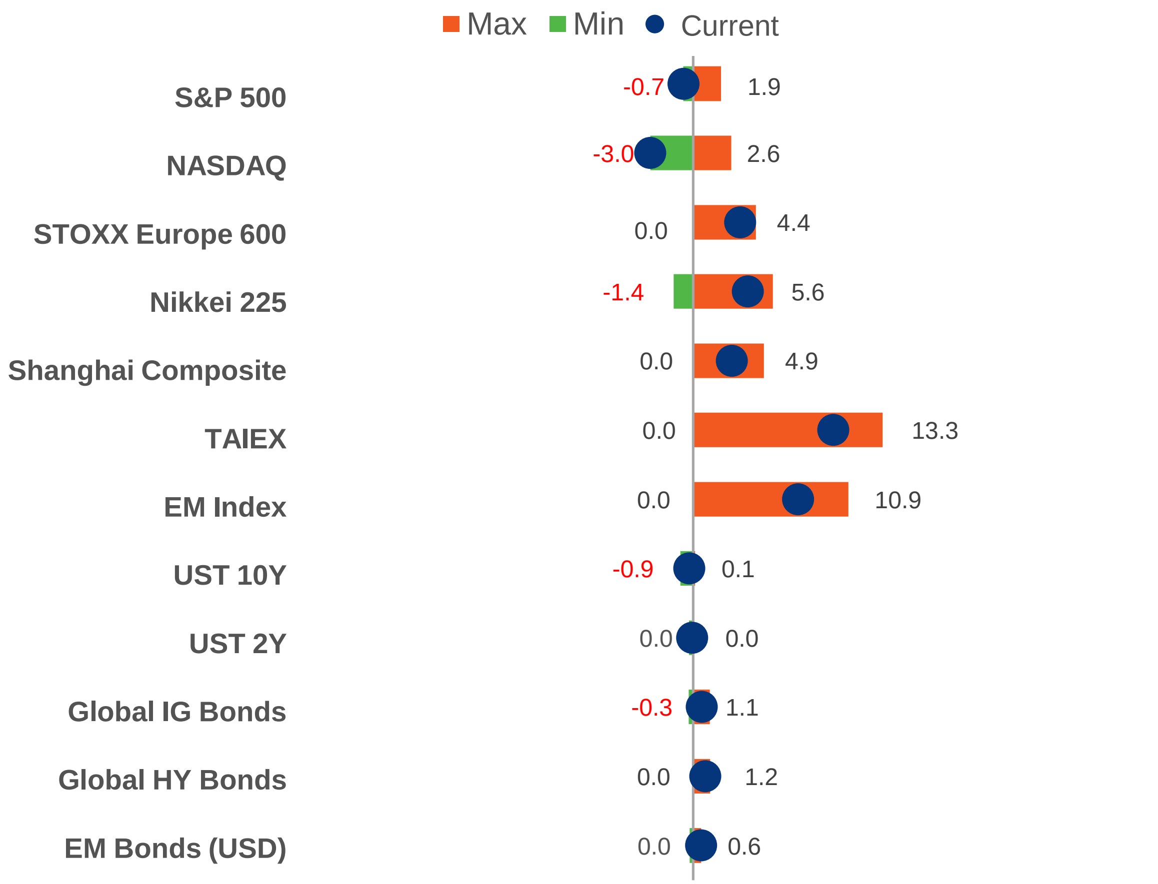
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2026/2/3	Palantir Technologies (PLTR)	1.33B	1.41B	0.23	0.25	V	V
2026/2/3	Merck & Co. (MRK)	16.18B	16.40B	2.04	2.04	V	
2026/2/3	PepsiCo (PEP)	28.98B	29.34B	2.24	2.26	V	V
2026/2/3	Pfizer (PFE)	16.91B	17.58B	0.58	0.66	V	V
2026/2/4	Advanced Micro Devices (AMD)	9.64B	10.30B	1.32	1.53	V	V
2026/2/4	Chubb (CB)	12.94B	13.13B	6.72	7.52	V	V
2026/2/4	Amgen (AMGN)	9.46B	9.90B	4.73	5.29	V	V
2026/2/4	Eli Lilly (LLY)	17.87B	19.30B	7.20	7.54	V	V
2026/2/4	AbbVie (ABBV)	16.39B	16.62B	2.65	2.71	V	V
2026/2/4	Boston Scientific (BSX)	5.28B	5.29B	0.78	0.80	V	V
2026/2/5	Alphabet (GOOGL)	111.12B	113.80B	2.64	2.82	V	V
2026/2/5	Qualcomm (QCOM)	12.11B	12.25B	3.40	3.50	V	V
2026/2/5	The Walt Disney Company (DIS)	25.74B	25.98B	1.57	1.63	V	V
2026/2/5	Uber Technologies (UBER)	14.32B	14.40B	0.80	0.71	V	
2026/2/5	KKR & Co. Inc. (KKR)	2.11B	5.74B	1.14	1.12	V	

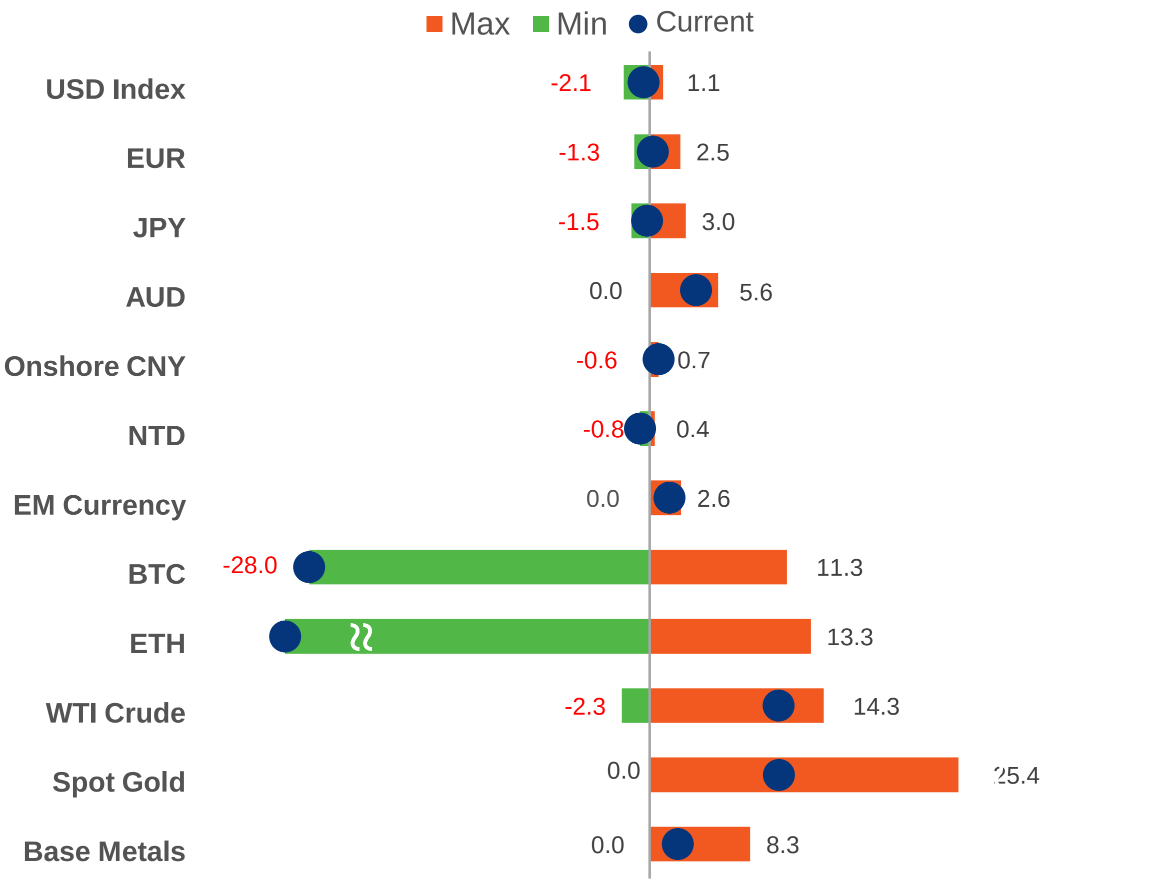
Source: Investing.com

Major Market / Asset YTD Performance

Equities & Bond Markets 2025 Performance (%)



Currencies and Commodities Market 2025 Performance (%)



Source: Bloomberg

Technical Analysis

S&P 500 Index

- Current: 6,798
- MA60: 6,852

NASDAQ Index

- Current: 22,540
- MA60: 23,295

STOXX Europe 600 Index

- Current: 611
- MA60: 590

Nikkei 225 Index

- Current: 53,317
- MA60: 51,332

Shanghai Composite Index

- Current: 4,075
- MA60: 3,991

MSCI Emerging Markets Index

- Current: 1,507
- MA60: 1,424

Gold

- Current: 4,742
- MA60: 4,468

WTI Crude

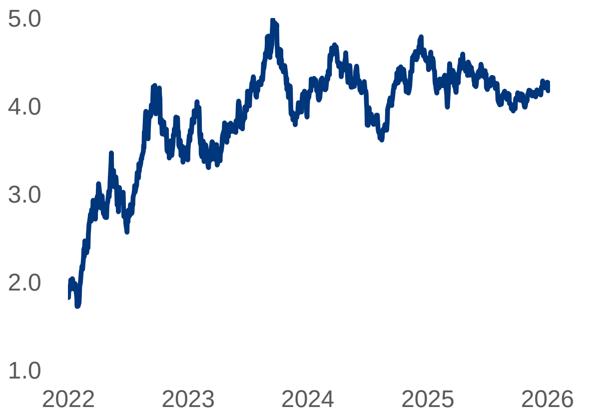
- Current: 62.6
- MA60: 59.4

Source: Bloomberg

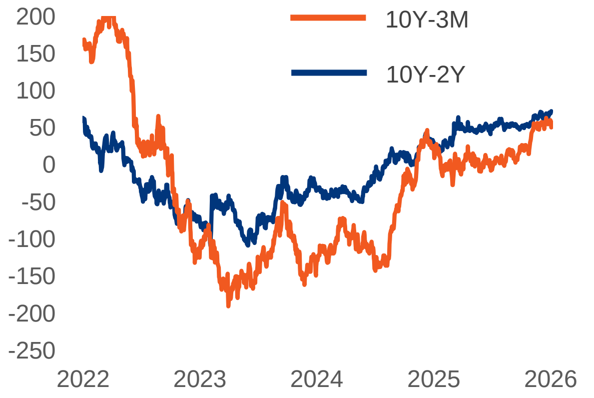
Market Monitor

U.S. CPI YoY (%)

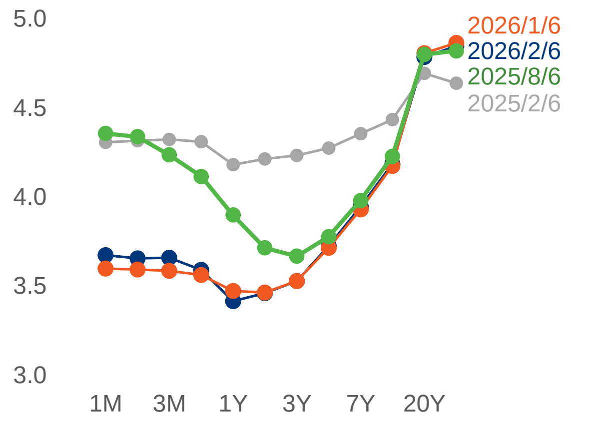
U.S. 10-Year Treasury Yield (%)



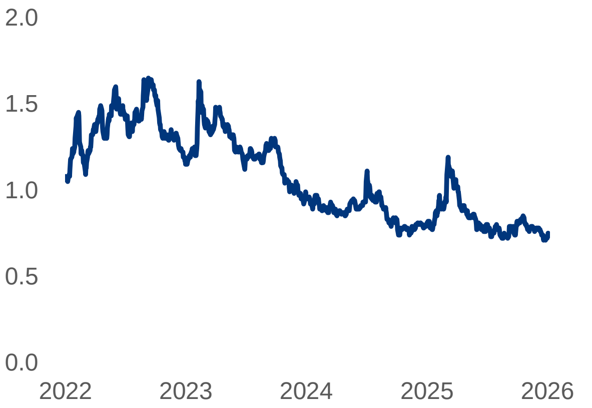
U.S. Treasury Yield Spread (bps)



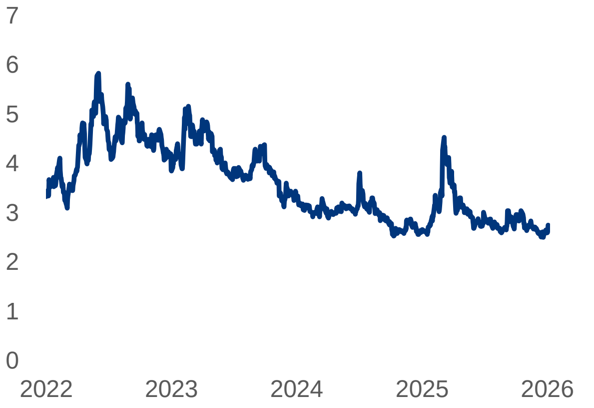
U.S. Treasury Yield Curve (%)



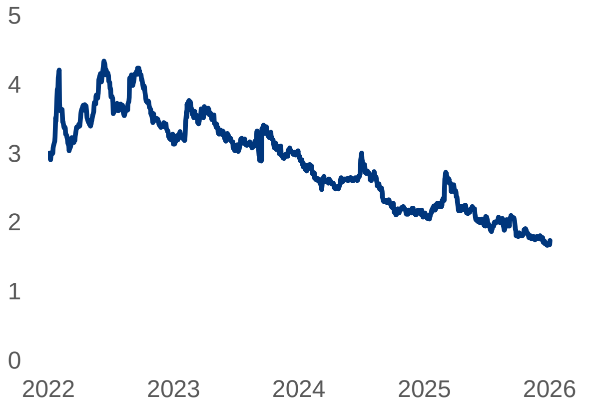
USD IG Credit Spread (%)



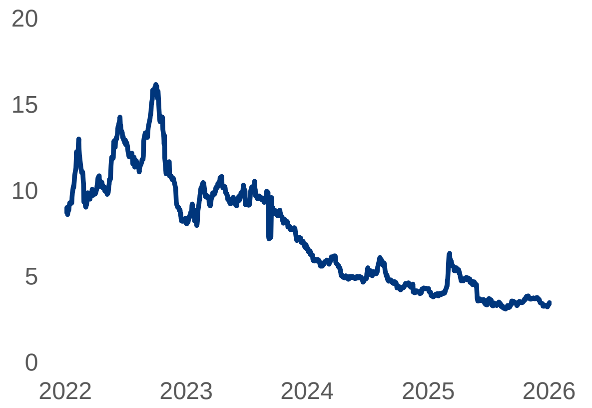
USD HY Credit Spread (%)



USD EM Credit Spread (%)



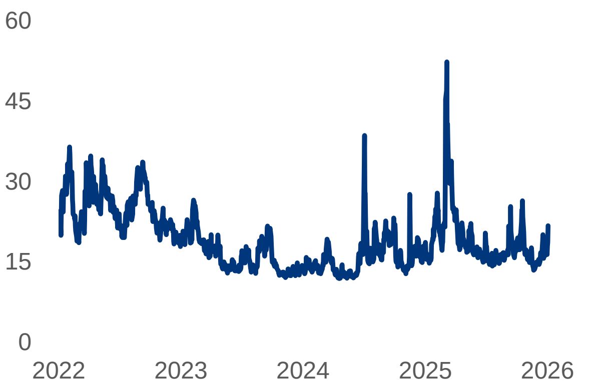
USD Asia Credit Spread (%)



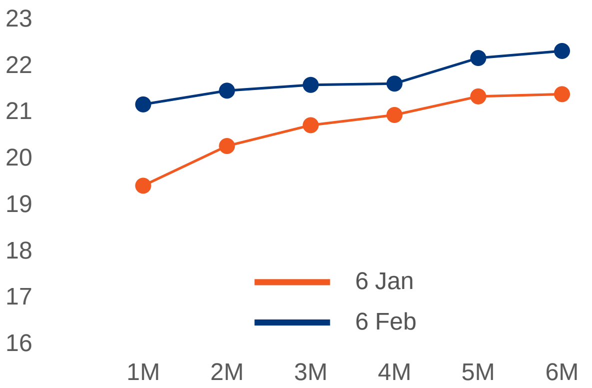
Source: Bloomberg

Market Monitor

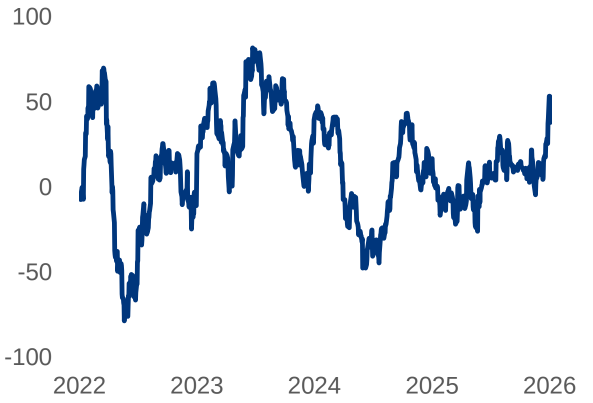
VIX Index



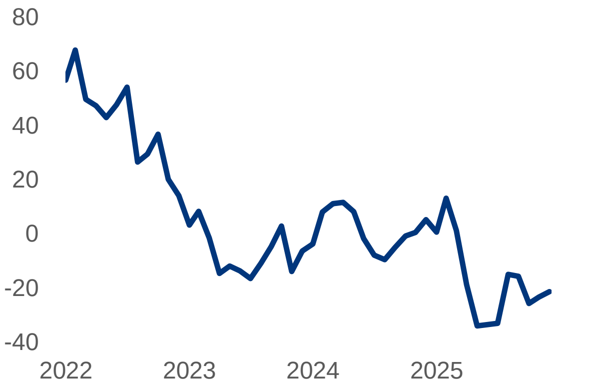
VIX Term Structure



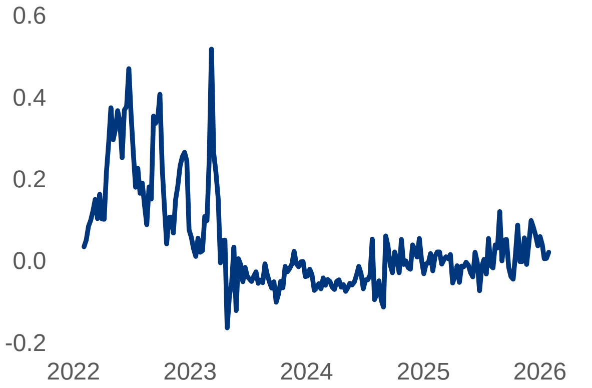
U.S. Citi Economic Surprise Index*



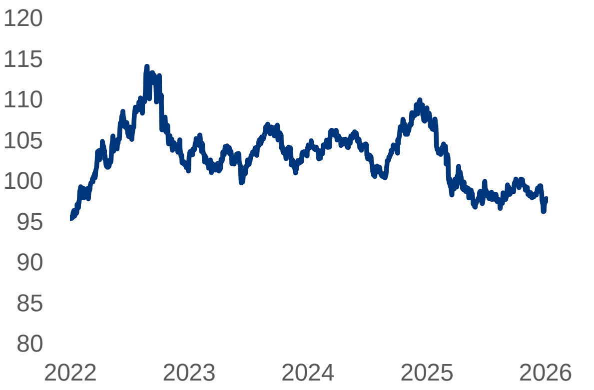
U.S. Citi Inflation Surprise Index*



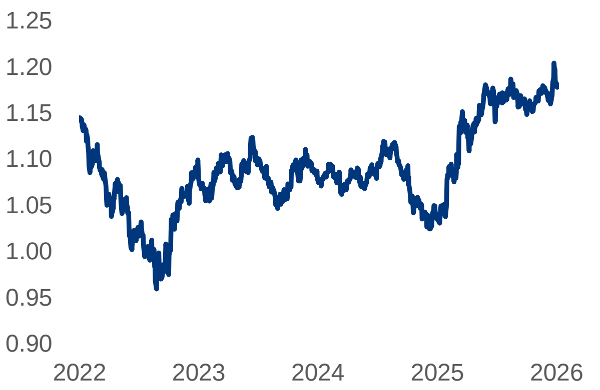
TED Spread (bps)



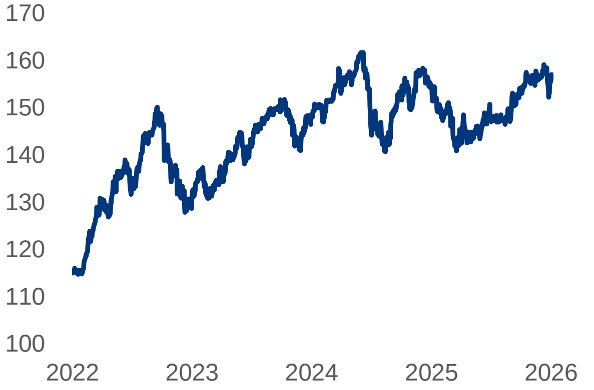
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg, *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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